



**DAWID KRUIPER MUNICIPALITY**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2019**

# DAWID KRUIPER MUNICIPALITY

## Financial Statements For the Year Ended 30 June 2019

### GENERAL INFORMATION

#### **NATURE OF BUSINESS**

Dawid Kruiper Municipality is a local municipality performing the functions as set out in the Constitution (Act no 105 of 1996).

#### **COUNTRY OF ORIGIN AND LEGAL FORM**

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998) and are classified as a medium capacity municipality.

#### **JURISDICTION**

The Dawid Kruiper Municipality includes the following areas:

Upington	Welkom	Swartkopdam	Lambrechtsdrift
Leerkrans	Philandersbron	Rietfontein	Sesbrugge
Kalksloot	Noenieput	Askham	Klein Mier
Karos	Andriesvale	Loubos	Groot Mier

The total population of Dawid Kruiper Municipality is 100 497 (STATS 2011 for //Khara Hais Local Municipality and Mier Local Municipality) and the jurisdiction size is 44 231 km<sup>2</sup>.

#### **MEMBERS OF COUNCIL:**

M Segede	Executive Mayor
M Dodds	Speaker
E Mnyaka	Member of Executive Committee
E Lebitsa	Member of Executive Committee
J Moya	Member of Executive Committee
M Eiman	Member of Executive Committee
M Andreas	Member of Executive Committee
S Masikani	Member of Executive Committee
M Maasdorp	Section 79 Chairperson
J Assegaai	Councillor
K de Wee	Councillor
M Plaatjies	Councillor
I I S S Selborne	Councillor
P T van der Steen	Councillor
B J Snyders	Councillor
A C C Morkel	Councillor
F Olifant	Councillor
M W Davids	Councillor
M E Klaaste	Councillor
B Kalote	Councillor
L Stander	Councillor
D Visagie	Councillor
S Sandlana	Councillor
S Rooi	Councillor
S D Dubeni	Councillor
B L B Bosman	Councillor
J C Esau	Councillor
J H Opperman	Councillor
H Ross	Councillor
A A van Zyl	Councillor
H J L Greyling	Councillor

#### **SENIOR MANAGEMENT:**

<b>Municipal Manager:</b>	E Ntoba
<b>Director: Corporate Services:</b>	C M Newman
<b>Chief Financial Officer:</b>	G M Schreiner
<b>Director: Community Services:</b>	G M Bovu
<b>Director: Electro-Mechanical Services:</b>	A B Snyders
<b>Director: Civil Engineering Services:</b>	Vacant
<b>Director: Planning and Development Services:</b>	Vacant

# DAWID KRUIPER MUNICIPALITY

## Financial Statements For the Year Ended 30 June 2019

### GENERAL INFORMATION

**GRADING OF LOCAL AUTHORITY:**

Grade 4

**AUDITORS:**

Auditor-General (Northern Cape)

**PRIMARY BANKERS:**

ABSA Bank Ltd

**RELEVANT LEGISLATION:**

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations

**PHYSICAL ADDRESS:**

Civic Centre  
Market Street  
Upington  
8800

**POSTAL ADDRESS:**

Private Bag X6003  
Upington  
8800

**TELEPHONE NUMBER:**

(054) 338 7000

**FAX NUMBER:**

(054) 338 7350

**WEBSITE:**

[www.dkm.gov.za](http://www.dkm.gov.za)

**EMAIL ADDRESSES:**

Municipal Manager  
Chief Financial Officer

[elias.ntoba@dkm.gov.za](mailto:elias.ntoba@dkm.gov.za)  
[gaylene.schreiner@dkm.gov.za](mailto:gaylene.schreiner@dkm.gov.za)

## DAWID KRUIPER MUNICIPALITY

### Financial Statements For the Year ended 30 June 2019

#### GENERAL INFORMATION

Approval of financial statements for the year ended 30 June 2019.

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 104, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager

28 November 2019

Date signed

# DAWID KRUIPER MUNICIPALITY

## Financial Statements For the Year ended 30 June 2019

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# DAWID KRUIPER MUNICIPALITY



## DAWID KRUIPER MUNICIPALITY STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

	Note	2019 Restated R	2019 Original R	2018 Restated R
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>2,444,080,617</b>	<b>2,444,531,848</b>	<b>2,309,525,216</b>
Property, plant and equipment	1.1	1,684,245,951	1,684,697,181	1,685,888,398
Intangible assets	1.2	5,897,075	5,897,075	5,908,742
Investment Property	1.3	749,428,116	749,428,116	613,209,698
Heritage Assets	1.4	4,509,475	4,509,475	4,509,475
Non-current receivables from Exchange Transactions	2	-	-	8,904
<b>Current assets</b>		<b>143,872,891</b>	<b>143,754,262</b>	<b>157,173,752</b>
Inventory	3	10,355,337	10,355,337	5,676,297
Trade Receivables from Exchange Transactions	4	68,751,702	68,649,641	61,391,412
Trade receivables from non-exchange transactions	4	14,303,340	14,286,771	12,300,112
Operating Lease Asset	5	150,993	150,993	134,020
Cash and Cash Equivalents	6	50,309,985	50,309,985	76,582,442
Current Portion of Non-Current Receivables	2	1,535	1,535	4,938
Taxes	14	-	-	1,084,531
<b>TOTAL ASSETS</b>		<b>2,587,953,508</b>	<b>2,588,286,109</b>	<b>2,466,698,968</b>
<b>NET ASSETS AND LIABILITIES</b>				
<b>Non-current liabilities</b>		<b>301,823,328</b>	<b>301,823,328</b>	<b>288,197,119</b>
Non-Current Borrowings	7	94,285,137	94,285,137	105,315,136
Non-Current Employee Benefits	8	108,942,220	108,942,220	100,777,736
Non-Current Provisions	9	98,595,971	98,595,971	82,104,247
<b>Current liabilities</b>		<b>215,886,393</b>	<b>215,858,315</b>	<b>209,518,253</b>
Current Portion of Non-Current Borrowings	7	10,981,070	10,981,070	9,876,274
Consumer Deposits	10	12,285,410	12,285,410	11,474,348
Current Employee Benefits	8	5,210,848	5,210,848	4,387,353
Provisions	11	52,078,306	52,078,306	45,753,170
Trade and Other Payables from Exchange Transactions	12	86,711,535	86,711,535	107,119,095
Unspent Conditional Grants and Receipts	13	25,617,415	25,617,415	30,908,013
Taxes	14	2,492,353	2,464,275	-
Bank Overdraft	15	20,509,457	20,509,457	-
<b>Net assets</b>		<b>2,070,243,788</b>	<b>2,070,604,467</b>	<b>1,968,983,595</b>
Accumulated Surplus	16	2,070,243,788	2,070,604,467	1,968,983,595
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>2,587,953,508</b>	<b>2,588,286,109</b>	<b>2,466,698,968</b>

# DAWID KRUIPER MUNICIPALITY



## DAWID KRUIPER MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 Restated R	2019 Original R	2018 Restated R
<b>REVENUE</b>				
<b>Revenue from Non-Exchange Transactions</b>		<b>250,551,719</b>	<b>250,535,150</b>	<b>244,286,404</b>
<b>Taxation Revenue</b>		<b>99,223,713</b>	<b>99,207,144</b>	<b>93,337,229</b>
Property rates	17	99,223,713	99,207,144	93,337,229
<b>Transfer Revenue</b>		<b>140,883,910</b>	<b>140,883,910</b>	<b>120,990,963</b>
Government grants and subsidies	18	140,883,910	140,883,910	120,990,963
<b>Other Revenue</b>		<b>10,444,097</b>	<b>10,444,097</b>	<b>29,958,212</b>
Actuarial Gain	8	2,369,016	2,369,016	22,680,636
Fines, Penalties and Forfeits	19	8,075,081	8,075,081	7,277,576
<b>Revenue from Exchange Transactions</b>		<b>440,005,861</b>	<b>439,917,113</b>	<b>404,043,820</b>
Agency Services		3,168,537	3,168,537	2,528,957
Interest Earned - External Investments		4,656,480	4,656,480	4,523,220
Interest Earned - Outstanding Receivables		3,663,073	3,663,073	3,453,589
Operational Revenue	20	1,689,764	1,689,764	3,637,876
Rental from Fixed Assets	21	7,703,730	7,703,730	8,718,732
Sale of Goods and Rendering of Services	22	7,733,027	7,733,027	7,856,255
Service Charges	23	410,326,961	410,238,213	371,744,149
Licences and permits	24	1,064,288	1,064,288	1,581,041
<b>TOTAL REVENUE</b>		<b>690,557,581</b>	<b>690,452,263</b>	<b>648,330,224</b>
<b>EXPENDITURE</b>		<b>712,983,422</b>	<b>712,983,422</b>	<b>682,313,991</b>
Bad Debts Written Off		11,045,136	11,045,136	1,405,359
Bulk Purchases	25	191,532,172	191,532,172	176,912,356
Contracted Services	26	18,777,728	18,777,728	15,345,077
Depreciation and Amortisation	27	91,825,880	91,825,880	100,018,029
Employee related costs	28	315,881,506	315,881,506	305,627,187
Finance Costs	29	12,308,159	12,308,159	12,019,218
Inventory Consumed	30	24,402,293	24,402,293	25,582,902
Remuneration of councillors	31	11,190,372	11,190,372	10,833,419
Operational Cost	32	34,884,908	34,884,908	33,641,290
Transfers and Subsidies	33	1,135,268	1,135,268	929,155
<b>OPERATING SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD</b>		<b>(22,425,841)</b>	<b>(22,531,159)</b>	<b>(33,983,767)</b>
Gains / (Loss) on Inventory		(370,972)	(370,972)	(9,347)
Reversal of Impairment Loss / (Impairment Loss) on Receivables		(10,684,930)	(10,605,724)	(18,255,793)
Gains / (Loss) on Sale of Assets		(1,406,772)	(1,202,550)	(6,949,757)
Reversal of Impairment Loss / (Impairment Loss) on Assets		(6,068)	(6,068)	(208,576)
Profit / (Loss) on Fair Value Adjustments		136,154,776	136,154,776	22,584,861
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD</b>		<b>101,260,192</b>	<b>101,438,304</b>	<b>(36,822,380)</b>

# DAWID KRUIPER MUNICIPALITY



## Statement of Changes in Net Assets for the Year Ended 30 June 2019

	Accumulated Surplus	Total
	R	R
<b>2017</b>		
<b>Balance at 30 June 2017</b>	1,994,745,937	<b>1,994,745,937</b>
Prior year correction of errors 35.09	11,060,039	<b>11,060,039</b>
<b>Restated Balance</b>	<b>2,005,805,975</b>	<b>2,005,805,975</b>
Surplus / Deficit) for the period - refer to note 35.1	(36,822,380)	<b>(36,822,380)</b>
<b>Restated Balance 30 June 2018</b>	<b>1,968,983,596</b>	<b>1,968,983,596</b>
Surplus / (Deficit) for the Year	101,260,192	<b>101,260,192</b>
<b>Balance at 30 June 2019</b>	<b>2,070,243,788</b>	<b>2,070,243,788</b>



# DAWID KRUIPER MUNICIPALITY



## Cash Flow Statement for the Year Ended 30 June 2019

	Note	2019 R	2018 R
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
<b>Receipts</b>			
Ratepayers and other		518,919,681	456,311,714
Government Grants and Subsidies - Operational	18	96,097,312	86,798,809
Government Grants and Subsidies - Capital	18	44,786,597	34,192,154
Interest		8,319,553	7,976,809
<b>Payments</b>			
Suppliers and employees		(621,062,478)	(486,511,878)
Transfers and Grants	33	(1,135,268)	(929,155)
Finance Costs	29	(12,308,159)	(12,019,218)
<b>Net Cash flow from operating activities</b>	34.1	<b>33,617,239</b>	<b>85,819,235</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Purchase of Property, Plant and Equipment	1.1	(74,815,481)	(47,749,902)
Gains / (Loss) on Sale of Assets	1.1	(1,406,772)	(6,949,757)
Purchase of Intangible assets	1.2	(453,663)	(2,522,182)
Purchase of Investment Property	1.3	(186,957)	(1,519,050)
Disposal of Investment Property	1.3	123,314	526,114
Disposal of Intangible Assets		38,535	-
Disposal of PPE	1.1	5,403,706	2,168,181
(Increase) / Decrease in Non-Current Receivables	2	12,307	(1,278)
<b>Net Cash From Investing Activities</b>		<b>(71,285,010)</b>	<b>(56,047,874)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Loans Repaid		(9,925,204)	(7,545,175)
New Loans Raised		-	10,000,000
Increase / (Decrease) in Consumer Deposits		811,062	601,939
<b>Net Cash From Financing Activities</b>		<b>(9,114,142)</b>	<b>3,056,763</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS FROM ACTIVITIES</b>		<b>(46,781,914)</b>	<b>32,828,124</b>
Cash and cash equivalents at the beginning of the year		76,582,442	43,754,318
Cash and cash equivalents at the end of the year	34.2	29,800,528	76,582,442
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(46,781,914)</b>	<b>32,828,124</b>

**DAWID KRUIPER MUNICIPALITY**



**DAWID KRUIPER MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL POSITION  
AT 30 JUNE 2019**

	2019 Original Approved Budget R	2019 Adjustments R	2019 Final Approved Budget R	2019 Final Year-End Budget R	2019 Actuals R	2019 Variance R	Explanations for material variances
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash	33,261,537	13,472,172	46,733,709	46,733,709	50,309,985	3,576,277	Bank Overdraft are being disclosed as a current liability.
Consumer debtors	59,987,426	2,656,140	62,643,566	62,643,566	83,055,042	20,411,476	Under collection of debtors
Other debtors	-	-	-	-	150,993	150,993	Operating Lease Asset not budgeted for
Current portion of long-term receivables	-	-	-	-	1,535	1,535	The repayment portion was budgeted under non-current debtors.
Inventory	5,833,656	-	5,833,656	5,833,656	10,355,337	4,521,681	Bigger jurisdiction area let to increase in inventory held
<b>Total Current Assets</b>	<b>99,082,619</b>	<b>16,128,312</b>	<b>115,210,930</b>	<b>115,210,930</b>	<b>143,872,891</b>	<b>28,661,961</b>	
<b>Non Current Assets</b>							
Investment property	608,747,961	17,899,103	626,647,064	626,647,064	749,428,116	122,781,053	Actual fair value is more than budgeted for.
Property, plant and equipment	1,833,405,984	(117,853,416)	1,715,552,568	1,715,552,568	1,684,245,951	(31,306,617)	Underspending of capital budget
Intangible	18,778,488	(12,433,888)	6,344,600	6,344,600	5,897,075	(447,525)	Underspending of capital budget
Other non-current assets	4,509,475	-	4,509,475	4,509,475	4,509,475	-	
<b>Total Non Current Assets</b>	<b>2,465,441,908</b>	<b>(112,388,202)</b>	<b>2,353,053,706</b>	<b>2,353,053,706</b>	<b>2,444,080,617</b>	<b>91,026,911</b>	
<b>TOTAL ASSETS</b>	<b>2,564,524,526</b>	<b>(96,259,890)</b>	<b>2,468,264,636</b>	<b>2,468,264,636</b>	<b>2,587,953,508</b>	<b>119,688,872</b>	
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Bank overdraft	-	-	-	-	20,509,457	20,509,457	Salary and trade creditors were paid as at 30 June 2019.
Borrowing	10,000,000	-	10,000,000	10,000,000	10,981,070	981,070	Resulting in a decrease in Trade and Other Payables and an overdraft cash book.
Consumer deposits	12,650,000	-	12,650,000	12,650,000	12,285,410	(364,590)	Less budgeted for than accrued.
Trade and other payables	76,611,000	57,515,654	134,126,654	134,126,654	114,821,302	(19,305,352)	More consumers have pre-paid meters, therefore less deposits.
Provisions	57,250,000	(5,000,000)	52,250,000	52,250,000	57,289,154	5,039,154	Salary and trade creditors were paid as at 30 June 2019.
<b>Total Current Liabilities</b>	<b>156,511,000</b>	<b>52,515,654</b>	<b>209,026,654</b>	<b>209,026,654</b>	<b>215,886,393</b>	<b>6,859,738</b>	Resulting in a decrease in Trade and Other Payables and an overdraft cash book.
<b>Non Current Liabilities</b>							
Borrowing	89,076,885	6,114,525	95,191,410	95,191,410	94,285,137	(906,273)	Amount paid more than budgeted for.
Provisions	297,177,822	(89,745,839)	207,431,983	207,431,983	207,538,191	106,208	Increase in PEMA & LSA provisions more than budgeted for
<b>Total Non Current Liabilities</b>	<b>386,254,707</b>	<b>(83,631,314)</b>	<b>302,623,393</b>	<b>302,623,393</b>	<b>301,823,328</b>	<b>(800,065)</b>	
<b>TOTAL LIABILITIES</b>	<b>542,765,707</b>	<b>(31,115,660)</b>	<b>511,650,047</b>	<b>511,650,047</b>	<b>517,709,721</b>	<b>6,059,673</b>	
<b>NET ASSETS</b>	<b>2,021,758,819</b>	<b>(65,144,230)</b>	<b>1,956,614,589</b>	<b>1,956,614,589</b>	<b>2,070,243,788</b>	<b>113,629,199</b>	
<b>COMMUNITY WEALTH / EQUITY</b>							
Accumulated Surplus	2,021,758,819	(65,144,230)	1,956,614,589	1,956,614,589	2,070,243,788	113,629,199	Increase in fair value adjustment.
<b>TOTAL COMMUNITY WEALTH / EQUITY</b>	<b>2,021,758,819</b>	<b>(65,144,230)</b>	<b>1,956,614,589</b>	<b>1,956,614,589</b>	<b>2,070,243,788</b>	<b>113,629,199</b>	

The municipality's budget was prepared for the period 1 July 2018 - 30 June 2019 on the accrual basis.

**DAWID KRUIPER MUNICIPALITY**

**DAWID KRUIPER MUNICIPALITY  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2019**



	2019 Actual R	2019 Final Budget R	2019 Variance R	Explanations - Material Variances
<b>REVENUE BY SOURCE</b>				
Property rates	99,223,713	100,247,912	(1,024,199)	Interim valuations less than anticipated.
Service charges	410,326,961	425,390,655	(15,063,694)	Decrease in service consumptions due to economic environment
Rental of facilities and equipment	7,703,730	7,358,761	344,969	Decrease in rental income from Eiland Resort
Interest earned - external investments	4,656,480	3,415,000	1,241,480	Interest on unspent grants invested
Interest earned - outstanding receivables	3,663,073	3,494,694	168,379	Increase in consumer debtors resulting in more interest being levied
Fines	8,075,081	6,501,149	1,573,932	Fines issued is more than budgeted for
Licences and permits	1,064,288	1,060,120	4,168	Actual renewals more than budgeted for
Agency services	3,168,537	-	3,168,537	Budgeted for as part of Operational Revenue as no mSCOA Guid existed for Northern Cape as part of version 6.2
Transfers recognised - operating	96,097,312	96,898,461	(801,149)	Less projects were utilised than expected. Resulting in a decrease in revenue.
Other revenue	147,946,583	21,930,903	126,015,680	Amount budgeted for Fair Value adjustment is lower than the actual amount.
Gains on disposal of PPE	-	17,360,000	(17,360,000)	Sale of property did not realise
<b>Total Operating Revenue</b>	<b>781,925,759</b>	<b>683,657,655</b>	<b>98,268,104</b>	

EXPENDITURE BY TYPE				
Employee related costs	315,881,506	324,308,664	(8,427,158)	Cost containment let to savings
Remuneration of councillors	11,190,372	11,302,309	(111,937)	Budgeted for higher increase on councillors' remuneration
Debt impairment	10,684,930	15,000,000	(4,315,070)	Debtors being written off, resulting in decrease in provision
Depreciation and asset impairment	91,831,949	95,593,579	(3,761,630)	Capital projects not completed resulting in less depreciation
Finance Charges	12,308,159	12,786,722	(478,563)	Restructuring of loan repayment let to increase in interest paid
Bulk purchases	191,532,172	183,000,000	8,532,172	Amounted budgeted less than actual expenditure accrued
Other materials	24,402,293	26,596,832	(2,194,538)	Cost containment let to savings
Contracted services	18,777,728	22,596,446	(3,818,718)	Cost containment let to savings
Transfers and grants	1,135,268	1,233,150	(97,882)	Cost containment let to savings
Other expenditure	46,301,015	57,128,914	(10,827,899)	Cost containment let to savings
Loss on disposal of PPE	1,406,772	-	1,406,772	Budgeted for gain on disposal of assets (including erven) and loss relaised
<b>Total Operating Expenditure</b>	<b>725,452,164</b>	<b>749,546,616</b>	<b>(24,094,452)</b>	
<b>Operating (Deficit) for the year</b>	<b>56,473,595</b>	<b>(65,888,961)</b>	<b>122,362,556</b>	
Transfers Recognised - Capital	44,786,597	67,651,901	(22,865,304)	Capital projects not materialised.
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>101,260,192</b>	<b>1,762,940</b>	<b>99,497,252</b>	

DAWID KRUIPER MUNICIPALITY					
DAWID KRUIPER MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019					
	2019 Original Approved Budget R	2019 Adjustments R	2019 Final Approved Budget R	2019 Final Virements R	2019 Final Year-End Budget R
<b>REVENUE BY SOURCE</b>					
Property rates	99,461,638	786,274	100,247,912	-	100,247,912
Service charges	447,594,620	(22,203,965)	425,390,655	-	425,390,655
Rental of facilities and equipment	7,986,914	(628,153)	7,358,761	-	7,358,761
Interest earned - external investments	4,350,000	(935,000)	3,415,000	-	3,415,000
Interest earned - outstanding receivables	3,000,000	494,694	3,494,694	-	3,494,694
Fines	5,701,530	799,619	6,501,149	-	6,501,149
Licences and permits	1,986,000	(925,880)	1,060,120	-	1,060,120
Transfers recognised - operating	93,391,658	3,506,803	96,898,461	-	96,898,461
Other revenue	19,219,697	2,711,206	21,930,903	-	21,930,903
Gains on disposal of PPE	29,085,610	(11,725,610)	17,360,000	-	17,360,000
<b>Total Operating Revenue</b>	<b>711,777,667</b>	<b>(28,120,012)</b>	<b>683,657,655</b>	<b>-</b>	<b>683,657,655</b>
<b>EXPENDITURE BY TYPE</b>					
Employee related costs	325,494,200	(1,185,536)	324,308,664	-	324,308,664
Remuneration of councillors	11,571,225	(268,916)	11,302,309	-	11,302,309
Debt impairment	15,000,000	-	15,000,000	-	15,000,000
Depreciation and asset impairment	95,593,576	3	95,593,579	-	95,593,579
Finance Charges	12,224,837	561,885	12,786,722	-	12,786,722
Bulk purchases	185,500,000	(2,500,000)	183,000,000	-	183,000,000
Other materials	30,247,274	(2,744,792)	27,502,482	(905,650)	26,596,832
Contracted services	23,269,872	(1,719,720)	21,550,152	1,046,294	22,596,446
Transfers and grants	1,646,000	(236,850)	1,409,150	(176,000)	1,233,150
Other expenditure	47,504,196	9,589,362	57,093,558	35,356	57,128,914
<b>Total Operating Expenditure</b>	<b>748,051,179</b>	<b>1,495,437</b>	<b>749,546,616</b>	<b>-</b>	<b>749,546,616</b>
<b>Operating (Deficit) for the year</b>	<b>(36,273,513)</b>	<b>(29,615,448)</b>	<b>(65,888,961)</b>	<b>-</b>	<b>(65,888,961)</b>
Transfers Recognised - Capital	45,689,342	21,962,559	67,651,901	-	67,651,901
<b>(DEFICIT) FOR THE YEAR</b>	<b>9,415,830</b>	<b>(7,652,890)</b>	<b>1,762,940</b>	<b>-</b>	<b>1,762,940</b>

The municipality's budget was prepared for the period 1 July 2018 - 30 June 2019 on the accrual basis.

# DAWID KRUIPER MUNICIPALITY

## DAWID KRUIPER MUNICIPALITY STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019



	2019 Original Approved Budget R	2019 Adjustments R	2019 Final Approved Budget R	2019 Final Year-End Budget R	2019 Actual R	2019 Variance R	Explanations for material variances
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
<b>Receipts</b>							
Property rates, penalties & collection charges	99,423,617	(1,689,734)	97,733,883	97,733,883	99,223,713	1,489,830	Interim valuations less than anticipated.
Service charges	447,594,620	(22,203,965)	425,390,655	425,390,655	387,892,525	(37,498,131)	Decrease in service consumptions due to economic environment
Other revenue	24,894,141	1,956,792	26,850,933	26,850,933	31,803,443	4,952,510	Other revenue did not materialised Less projects were utilised than expected.
Government - operating	93,391,658	3,506,803	96,898,461	96,898,461	96,097,312	(801,149)	Resulting in a decrease in revenue.
Government - capital	45,689,342	21,962,559	67,651,901	67,651,901	44,786,597	(22,865,304)	Capital projects not materialised.
Interest	7,350,000	(440,306)	6,909,694	6,909,694	8,319,553	1,409,859	Interest on unspent grants invested
<b>Payments</b>							
Suppliers and employees	(589,975,766)	(15,337,605)	(605,313,371)	(605,313,371)	(621,062,478)	(15,749,106)	Cost containment measures implemented Restructuring of loan repayment let to increase in interest paid
Finance charges	(12,224,837)	(561,885)	(12,786,722)	(12,786,722)	(12,308,159)	478,563	Cost containment let to savings
Transfers and grants	(1,646,000)	236,850	(1,409,150)	(1,409,150)	(1,135,268)	273,882	
<b>NET CASH FROM / (USED) OPERATING ACTIVITIES</b>	<b>114,496,775</b>	<b>(12,570,491)</b>	<b>101,926,284</b>	<b>101,926,284</b>	<b>33,617,239</b>	<b>(68,309,045)</b>	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>							
<b>Receipts</b>							
Proceeds on disposal of PPE	29,085,610	(11,725,610)	17,360,000	17,360,000	(1,406,772)	(18,766,772)	Sale of property did not realise
Decrease / (Increase) in non-current receivables	-	13,842	13,842	13,842	12,307	(1,535)	Additional non-current receivables
<b>Payments</b>							
Capital assets	(104,150,202)	(36,179,513)	(140,329,715)	(140,329,715)	(69,890,545)	70,439,170	Capital projects not materialised.
<b>NET CASH FROM / (USED) INVESTING ACTIVITIES</b>	<b>(75,064,592)</b>	<b>(47,891,281)</b>	<b>(122,955,873)</b>	<b>(122,955,873)</b>	<b>(71,285,010)</b>	<b>51,670,863</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>							
<b>Receipts</b>							
Increase (decrease) in consumer deposits	-	1,180,857	1,180,857	1,180,857	811,062	(369,795)	More consumers have pre-paid meters, therefore less deposits.
<b>Payments</b>							
Repayment of borrowing	(14,000,000)	4,000,000	(10,000,000)	(10,000,000)	(9,925,203)	74,797	Less budgeted for than accrued.
<b>NET CASH FROM / (USED) FINANCING ACTIVITIES</b>	<b>(14,000,000)</b>	<b>5,180,857</b>	<b>(8,819,143)</b>	<b>(8,819,143)</b>	<b>(9,114,142)</b>	<b>(294,998)</b>	
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>25,432,183</b>	<b>(55,280,916)</b>	<b>(29,848,733)</b>	<b>(29,848,733)</b>	<b>(46,781,913)</b>	<b>(16,933,180)</b>	
Cash / cash equivalents at the year begin:	7,829,354	68,753,088	76,582,442	76,582,442	76,582,442	-	Decrease in revenue due to economic environment
Cash / cash equivalents at the year end:	33,261,537	13,472,172	46,733,709	46,733,709	29,800,528	(16,933,180)	Bank Overdraft are being disclosed as a current liability.

The municipality's budget was prepared for the period 1 July 2018 - 30 June 2019 on the accrual basis.

# DAWID KRUIPER MUNICIPALITY

## Accounting Policies for the Annual Financial Statements For the Year Ended 30 June 2019

### 1 BASIS OF PRESENTATION

- 1.1 The annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.
- 1.2 These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).
- 1.3 Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised - February 2010) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.
- 1.4 The Municipality did not early adopt any GRAP Standards which have been issued but are not effective yet.
- 1.5 A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.
- 1.6 Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.
- 1.7 The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.
- 1.8 Original Standards and Interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the Municipality:

GRAP 18	<b>Segment Reporting</b>  The objective of this Standard is to establish principles for reporting financial information by segments.  No significant impact is expected as information to a large extent is already included in the appendices to the annual financial statements which do not form part of the audited financial statements.	1 April 2020
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GRAP 20  (Original - Jun 2011)	<p><b>Related Party Disclosure</b></p> <p>The objective of this interpretation of the Standards is to prescribe which persons qualify as related parties and which information should be disclosed in the AFS.</p> <p>No significant impact is expected as the Municipality already implemented controls to ensure that related party disclosures are met.</p>	1 April 2019
GRAP 32  (Original - Aug 2013)	<p><b>Service Concession Arrangements: Grantor</b></p> <p>The objective of this Standard is to prescribe the accounting for services concession arrangements by the grantor, a public sector entity.</p> <p>No significant impact is expected as the Municipality does not have any concessions at this stage.</p>	1 April 2019
GRAP 34	<p><b>Separate Financial Statements</b></p> <p>The objective of this Standard is to prescribe the accounting for separate financial statements.</p> <p>No significant impact is expected as the Municipality does not have any entities.</p>	1 April 2020
GRAP 35	<p><b>Consolidated Financial Statements</b></p> <p>The objective of this Standard is to prescribe the accounting for consolidated financial statements.</p> <p>No significant impact is expected as the Municipality does not have any entities.</p>	1 April 2020
GRAP 36	<b>Investments in Associates and Joint Ventures</b>	1 April 2020

	<p>The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures.</p> <p>No significant impact is expected as the Municipality does not have any investments in associates and/or joint ventures.</p>	
GRAP 37	<p>Joint Arrangements</p> <p>The objective of this Standard is to prescribe the accounting for investments in joint arrangements.</p> <p>No significant impact is expected as the Municipality does not have any joint arrangements.</p>	1 April 2020
GRAP 38	<p>Disclosure of Interest in Other Entities</p> <p>The objective of this Standard is to prescribe the accounting for disclosure in other entities.</p> <p>No significant impact is expected as the Municipality does not have any entities.</p>	1 April 2020
New GRAP 104	<p>Financial Instruments</p> <p>The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.</p> <p>No significant impact is expected as the Municipality's is currently applying GRAP 104. Considerations will be given to the amendments.</p>	Unknown
GRAP 106  (as Amended 2016)	<p>Transfers of Functions Between Entities not Under Common Control</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of transfers of function between entities no under common control.</p>	1 April 2019



	No impact as the Municipality does not have any function under common control.	
GRAP 108  (Original - Sep 2013)	<p>Statutory Receivables</p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	1 April 2019
GRAP 109	<p>Accounting by Principles and Agents</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement</p> <p>No significant impact is expected as the Municipality already implemented controls to ensure that the disclosures are met.</p>	1 April 2019

GRAP 110	<p>Living and Non-living Resources</p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether living resources are controlled by an entity and if they can be measured reliably.</p> <p>No significant impact is expected as the Municipality does not have any living resources that must be disclosed at this stage and non-living resources are not disclosed in the AFS.</p>	1 April 2020
IGRAP 17	<p>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</p> <p>The objective of this Interpretation of the Standard is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No significant impact is expected as the Municipality does not have any Concession Arrangement at this stage.</p>	1 April 2019
IGRAP 18	<p>Interpretation of the Standard of GRAP on Recognition and Derecognition of Land</p> <p>The adoption of this interpretation is not expected to impact on the results of the Municipality, but may result in more disclosure than is currently provided in the financial statements.</p>	1 April 2019
IGRAP 19	<p>Liabilities to Pay Levies</p> <p>It is unlikely that the interpretation will have a material impact on the Municipality's financial statements.</p>	1 April 2019
IGRAP 20	<p>Accounting for Adjustments to Revenue</p> <p>The Standard will have an impact on the treatment property rates, traffic fines and tariffs outlined in by-laws. Adjustments to revenue already recognised may be needed.</p>	1 April 2020
Guideline	Accounting for Landfill Sites	Unknown

	The guideline will not have a significant impact as the municipality already applies it correctly.	
Guideline	Application of Materiality to Financial Statements  The guideline is already being applied. No significant impact is expected.	Unknown
Guideline	Accounting for Arrangements Undertaken in terms of the National Housing Programme  No significant impact is expected. As no housing construction are budgeted for and no construction is taken place on behalf of the Provincial Department.	1 April 2019

#### 1.9 Pre-Adoption of Standards approved but not yet effective

The following GRAP standards have been issued but are not yet effective and have been early adopted by the Municipality:

GRAP 1 (Amended): Presentation of financial statements

IGRAP 1 (Revised): Applying the probability test on initial recognition of revenue

#### 2 USE OF ESTIMATES AND JUDGEMENTS

- 2.1 The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice (GRAP) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and, actual results may differ from these estimates.
- 2.2 Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period which the estimates are revised and in any future affected period - refer to paragraph 28

#### 3 PRESENTATION CURRENCY

- 3.1 Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

#### 4 GOING CONCERN ASSUMPTION

- 4.1 The Municipality is deemed a going concern, following an assessment made by management during the compilation of the annual financial statements.

## **5 PROPERTY, PLANT AND EQUIPMENT**

### **5.1 Initial Recognition**

- 5.1.1 Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.
- 5.1.2 The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.
- 5.1.3 Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.
- 5.1.4 The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring or using it for purposes other than the production of inventories.
- 5.1.5 When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
- 5.1.6 Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.
- 5.1.7 The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.
- 5.1.8 Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### **5.2 Subsequent Measurement**

- 5.2.1 Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.
- 5.2.2 Subsequently all property plant and equipment are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.
- 5.2.3 Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

### 5.3 Depreciation

- 5.3.1 Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Asset Group	Years	Asset Group	Years
Community Assets - Cemeteries	15 - 50	Solid Waste Disposal	15 - 30
Infrastructure - Railway	30 - 50	Other vehicles	4 - 10
Community Assets - Recreational Facilities	10 - 80	Office equipment	3 - 15
Community Assets - Sporting Facilities	15 - 75	Furniture and fittings	2 - 20
Infrastructure - Electricity	15 - 55	Specialised plant and equipment	10 - 15
Infrastructure - Roads, Pavements, Bridges and Storm Water	15 - 100	Other items of plant and equipment	2 - 10
Infrastructure - Sanitation	3 - 50	Security	3 - 5
Infrastructure - Sewerage	10 - 80	Buildings	10 - 50
Infrastructure - Water	10 - 75	Specialist vehicles	10 - 15
Land and Buildings - Buildings	10 - 60	Infrastructure - Communication	30 - 50
Land and Buildings - Land	Indefinite	Landfill sites	1 - 50
Watercraft	15 - 20	Bins and containers	10 - 15

- 5.3.2 Depreciation only commences when the asset is available for use, unless stated otherwise.
- 5.3.3 At each reporting date an assessment is done to determine whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If an indication exists, the municipality shall revise the expected useful life and / or residual value accordingly.

### 5.4 Incomplete Construction Work

- 5.4.1 Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

### 5.5 Finance Leases

- 5.5.1 Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as property, plant and equipment controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

### 5.6 Derecognition of Property, Plant and Equipment

- 5.6.1 The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.
- 5.6.2 The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.
- 5.6.3 Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

## **5.7 Site Restoration and Dismantling Cost**

- 5.7.1** The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as "decommissioning, restoration and similar liabilities". The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- 5.7.2** If the related asset is measured using the cost mode:
- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
  - (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
  - (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on Impairment of cash-generating assets and / or Impairment of non-cash generating assets.

## **6 INTANGIBLE ASSETS**

### **6.1 Initial Recognition**

- 6.1.1** Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.
- 6.1.2** Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21.
- 6.1.3** Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

### **6.2 Subsequent Measurement, Amortisation and Impairment**

- 6.2.1** After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.
- 6.2.2** Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

- 6.2.3 In terms of GRAP 31 intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be 20 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test.
- 6.2.4 Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.
- 6.2.5 The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	20

### 6.3 Derecognition

- 6.3.1 Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 7 INVESTMENT PROPERTY

### 7.1 Initial Recognition

- 7.1.1 Investment property shall be recognised as an asset when, and only when:

- \* it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- \* cost or fair value of the investment property can be measured reliably.

- 7.1.2 Investment property includes property (land or a building, or part of a building, or both land and buildings held under finance lease) held to earn rentals and/or capital appreciation, rather than to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.
- 7.1.3 At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost at date of completion.
- 7.1.4 Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

- 7.1.5 Based on management's judgement, the following criteria have been applied to distinguish Investment Properties from owner occupied property or property held:
  - 7.1.5.1 Land held for long-term capital appreciation rather than for short-term sale in the ordinary course of operations;
  - 7.1.5.2 Land held for a currently undetermined future use (if the municipality has not determined that it will use the land as owner occupied property) or for;
  - 7.1.5.3 A building owned by the municipality (or held by the municipality under a finance lease) and leased out under one or more operating leases on a commercial basis (this will include property portfolio rented out on a commercial basis on behalf of the municipality);
  - 7.1.5.4 A property owned by the municipality and leased out at a below market rental; and
  - 7.1.5.5 Property that is being constructed or developed for future use as investment property.
- 7.1.6 The rent earned does not have to be at a commercial basis or market related for the property to be classified as investment property.
- 7.1.7 The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets:
  - 7.1.7.1 Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
  - 7.1.7.2 Property being constructed or developed on behalf of third parties;
  - 7.1.7.3 Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
  - 7.1.7.4 Property that is being constructed or developed for future use as investment property;
  - 7.1.7.5 Property that is leased to another entity under a finance lease;
  - 7.1.7.6 Property held to provide goods and services and also generates cash inflows; and
  - 7.1.7.7 Property held for strategic purposes which would be accounted for in accordance with the Standard of GRAP on Property, Plant and Equipment.

## **7.2 Subsequent Measurement - Fair Value Model**

- 7.2.1 Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

## **7.3 Derecognition**

- 7.3.1 Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## **8 Heritage Assets**

- 8.1 Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

## **8.2 Initial Measurement**

- 8.2.1 Heritage assets are measured at cost.



8.2.2 Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

### 8.3 Subsequent Measurement

8.3.1 Subsequent to initial measurement, heritage assets are carried at cost less any accumulated impairment losses.

### 8.4 Impairment

8.4.1 The municipality assesses at each reporting date whether there is an indication that a heritage asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the recoverable service amount of the heritage assets.

### 8.5 Transfers

8.5.1 Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

### 8.6 Derecognition

8.6.1 The municipality derecognises heritage assets on disposal, or when no future economic benefits or service potential is expected from its use or disposal.

8.6.2 The group derecognised heritage assets on disposal, or when no future economic benefits or service potential is expected from its use or disposal.

8.6.3 The gain or loss (the difference between the net disposal proceeds and the carrying value) arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

## 9 IMPAIRMENT OF ASSETS

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

the current profitability of the asset, as well as management's assessment of the possibility of the asset become profitable.

### 9.1 Impairment of Cash Generating Assets

9.1.1 The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

9.1.2 If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

9.1.3 The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

9.1.4 The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

- 9.1.5 If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
- 9.1.6 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.
- 9.1.7 An impairment of assets carried at revalued amount in reduces the revaluation surplus for that asset. The decrease shall be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.
- 9.1.8 An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
  - 9.1.8.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 9.1.9 A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.
- 9.1.10 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
- 9.1.11 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

## 9.2 Impairment of Non-Cash Generating Assets

- 9.2.1 The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.
- 9.2.2 If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.
- 9.2.3 The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.
- 9.2.4 If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.
- 9.2.5 An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.
- 9.2.6 An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
  - 9.2.6.1 To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.
- 9.2.7 The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

- 9.2.8 The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
- 9.2.9 A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## 10 FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions).

### 10.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### 10.2 Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### 10.2.1 Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The following assets are assessed on the following basis:

Significant individual Debtors	-	Individual significant debtors are defined as debtors with the outstanding balance that exceeds 1% of the total positive consumer debtor balance before provisions are made.
State Debtors	-	No provision for impairment will be made as State debtors will not be written-off.
Debtors with Year Tax	-	0% provision for impairment will be made for debtors with year tax for the interim statements.
Indigent Debtors	-	0% provision for impairment will be made for indigent debtors.
Debtors handed over for collection	-	100% provision for impairment will be made for debtors handed over for collections.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **10.2.2 Payables and Annuity Loans**

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **10.2.3 Cash and Cash Equivalents**

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

- 10.2.4 Short-term receivables and payables are not discounted when the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

### **10.3 De-recognition of Financial Instruments**

#### **10.3.1 Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- \* the rights to receive cash flows from the asset have expired; or
- \* the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the assets, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **10.3.2 Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### **10.4 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **11 INVENTORIES**

- 11.1 Inventories include consumables stores, maintenance materials, spare parts for plant, equipment and land or property held for sale. Cost is determined by the weighted average method and comprises all costs of purchases, cost of development, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are stated at the lower of cost or net realisable value.
- 11.2 When inventories are sold, exchanged or distributed the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when goods are distributed or related service is rendered.
- 11.3 The amount of any write-down of inventories and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any write-down of inventories, arising from an increase in the net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.
- 11.4 Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

## **12 REVENUE RECOGNITION**

### **12.1 Revenue from Exchange Transactions**

- 12.1.1 Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.
- 12.1.2 When the outcome of a transaction involving the services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the state of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- (a) The amount of revenue can be measured reliably;
  - (b) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
  - (c) The stage of completion of the transaction at the reporting date can be measured reliably;
  - (d) The cost incurred for the transaction and the costs to complete the transaction can be measured reliably.
- 12.1.3 Revenue is measured at the fair value of the consideration received or receivable for the supply of services in the ordinary course of activities. Revenue is shown net of value-added tax, returns, rebates and discounts.
- 12.1.4 Service charges relating to electricity and water are based on consumption and a basic charge as per Council Resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.
- 12.1.5 Various services are provided on a prepaid basis in which case no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.
- 12.1.6 Service charges from sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property as set out in the approved Tariff List.
- 12.1.7 Interest and rentals are recognised on a time proportion basis.
- 12.1.8 Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.
- 12.1.9 Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant approved tariff. This includes the issuing of licenses and permits.
- 12.1.10 Revenue from the sale of goods is recognised when the risk is passed to the consumer.
- 12.1.11 Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.
- ### **12.2 Revenue from Non-Exchange Transactions**
- 12.2.1 When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

- 12.2.2 Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.
- 12.2.3 Fines constitute both spot fines and summonses. Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. A debtor is created for all unpaid fines on year-end and recoverability test is performed to calculated any impairments against the debtor.
- 12.2.4 Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.
- 12.2.5 Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.
- 12.2.6 Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.
- 12.2.7 All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue as historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of 36 months. This assessment is performed annually at 30 June. The Municipality keep record of these unclaimed deposits for three years in the event that a party should submit a claim.

## **13 CONDITIONAL GRANTS AND RECEIPTS**

### **13.1 Unspent Conditional Government Grants and Receipts**

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions form the public.

The liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- \* Unspent conditional grants are recognised as a liability when the grant is received.
- \* When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- \* The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- \* Interest earned on the investment is treated accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### **13.2 Unspent Public Contributions**

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

\* Unspent public contributions are recognised as a liability when the grant is received.

\* When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

\* The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.

\* Interest earned on the investment is treated accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

#### **14 CONSUMER DEPOSITS**

- 14.1 Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

#### **15 PROVISIONS**

- 15.1 Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).
- 15.2 The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.
- 15.3 Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring the provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.
- 15.4 A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
- 15.4.1 The Municipality has a detailed formal plan for the restructuring identifying at least:
- \* the business or part of business concerned;
  - \* the principal locations affected;
  - \* the location, function and approximate number of employees who will be compensated for termination of services
  - \* the expenditures that will be undertaken; and
  - \* when the plan will be implemented.
- 15.4.2 The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.



15.5 The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

15.6 If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be derecognised.

15.7 Decommissioning, restoration and similar liability

15.7.1 Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

\* changes in the liability is added to, or deducted from, the cost of the related asset in the current period;

\* the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

\* if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the municipality tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on Impairment of assets as described in this accounting policy related to the treatment of impairment of assets.

15.7.2 The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as the occur. This applies under both the cost and revaluation model.

15.7.3 The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

16 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

**17 ACCUMULATED SURPLUS**

The accumulated surplus of the municipality is affected by only the net profit or loss during the financial year and is maintained in terms of the relevant accounting policies and GRAP 3.

**18 UNAUTHORISED EXPENDITURE**

- 18.1 Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**19 IRREGULAR EXPENDITURE**

- 19.1 Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**20 FRUITLESS AND WASTEFUL EXPENDITURE**

- 20.1 Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**21 COMPARATIVE INFORMATION**

**21.1 Budget comparatives:**

- 21.1.1 The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- \* the approved and final budget amounts;
- \* actual amounts and final budget amounts;

Explanations for variances above 10% between the approved and final budget are included in the budget comparison statements.

Explanations for variances above 10% between the final budget amounts and actual amounts are included in the budget comparison statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

## 21.2 Prior year comparatives:

- 21.2.1 When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.
- 21.2.2 The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The municipality has realigned items in the financial statements with the item Segment of mSCOA. The result of this process was a reclassification and renaming of items in the financial statements.

## 22 LEASES

### 22.1 The Municipality as Lessee

- 22.1.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.
- 22.1.2 Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.
- 22.1.3 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line expenses and actual payments made will give rise to a liability. The Municipality shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative on the time pattern of the lessee's benefit from the use of the leased asset.

### 22.2 The Municipality as Lessor

- 22.2.1 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-line revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

## **23 EMPLOYEE BENEFITS**

### **23.1 Post Retirement Medical Obligations**

- 23.1.1 The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. After retirement Council pays 70% as contribution and the remaining 30% are paid by the retired members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 - Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.
- 23.1.2 These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling the employee to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.
- 23.1.3 Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **23.2 Long Service Awards**

- 23.2.1 Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.
- 23.2.2 Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

### **23.3 Provision for Staff Leave**

- 23.3.1 Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.
- 23.3.2 Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.
- 23.3.3 Accumulated leave is vesting.

### **23.4 Provision for Staff Bonuses**

- 23.4.1 The entity recognise the expected cost of bonus payments (13th cheques) when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made and the settlement will be within 12 months.

- 23.4.2 Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

### 23.5 Performance Bonuses

- 23.5.1 A provision, in respect of a liability relating to the anticipated costs of performance bonuses payable to Section 56 & 57 employees, is recognised as it accrue to Section 56 & 57 employees.

### 23.6 Pension and retirement fund obligations

- 23.6.1 The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

## 24 CONTINGENT LIABILITIES

- 24.1 A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured within sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

## 25 CONTINGENT ASSET

- 25.1 A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset could also be a present asset that arises from past events, but is not recognised because it is not probable that an inflow of resources embodying economic benefits will be required to the asset or the amount of the asset cannot be measured within sufficient reliability.

Management judgement is required when recognising and measuring contingent assets.

## 26 COMMITMENTS

- 26.1 Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

## 27 RELATED PARTIES

- 27.1 Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel of the municipality are those persons, directly and indirectly, having authority and responsibility for planning, directing and controlling the activities of the Municipality. Key management is defined as the Municipal Manager, Chief Financial Officer and all other Section 56 & 57 managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.
- 27.2 Any services rendered to and payments made to key management personnel and councillors other than their monthly remuneration will be disclosed appropriate.

## 28 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

### 28.1 Post retirement medical obligations and Long service awards

- 28.1.1 The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in the note 11 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

### 28.2 Impairment of Receivables

- 28.2.1 The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due. This was performed per identifiable categories across all debtors.

### 28.3 Property, Plant and Equipment

- 28.3.1 The useful lives of property, plant and equipment are based is a matter of judgement base on the experience of the entity with similar assets. The municipality considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical an other factors. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at the time.
- 28.3.2 Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment.
- \* The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.

\* Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.

\* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

\* Whether there is an indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any indication exists, the municipality shall revise the expected useful life and / or residual value accordingly.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

\* cost of item with a similar nature currently in the Municipality's asset register;

\* cost of items with similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other Municipality's asset register is considered to be accurate;

\* cost as supplied by suppliers.

For deemed cost applied to land and building as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of assets.

#### **28.4 Investment Property**

28.4.1 The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

28.4.2 Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

\* The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.

\* The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

#### **28.5 Provision and Contingent Liabilities**

28.5.1 Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

#### **28.6 Revenue Recognition**

28.6.1 Accounting Policy 13.1 on Revenue from Exchange Transactions and Accounting Policy 13.2 on Revenue from Non-Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

28.6.2 In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

28.6.3 The municipality makes use of estimates to determine the amount of revenue that is entitled to collect on traffic fines. The settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the amount likelihood of these discounts or reductions being taken up by payables.

28.6.4 The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### 28.7 Provision for Landfill Sites

28.7.1 The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligation relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

28.7.2 Management referred to the following when making assumptions regarding provisions:

\* Professional engineers where utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.

\* Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

#### 28.8 Provision for Staff Leave

28.8.1 Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

#### 28.9 Provision for Performance Bonuses

28.9.1 The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

#### 28.10 Componentisation of Infrastructure Assets

28.10.1 All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to date of initially adopting the standard of GRAP.

### 29 DISTRIBUTION LOSSES

29.1 Electricity distribution losses comprises of technical and non-technical losses. Technical losses in electricity are experience due to natural resistivity of the conductors and the energisation of transformers. Non-technical losses are losses due to theft, faulty meters and billing errors. Calculation of the technical losses of the municipal network which consists of urban and rural networks, are calculated applying the methodology in the NRS 080:2004. Non-technical losses is calculated by subtracting technical losses from the total losses.

29.2 Water distribution losses comprises of technical and non-technical losses. Technical losses are experience during the purification process of the water. Non-technical losses are losses due to theft, faulty meters, pipe bursts and billing errors. Non-technical losses is calculated by subtracting technical losses from the total losses.



**30    VALUE ADDED TAX**

- 30.1    Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.**

**31    EVENTS AFTER REPORTING DATE**

- 31.1    Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.**
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# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 1.1 PROPERTY, PLANT AND EQUIPMENT

1 July 2018	Land and Buildings R	Infrastructure R	Community R	Other R	Total R
<b>Reconciliation of Carrying Value</b>					
<b>Carrying Values at 1 July 2018</b>	<b>192,037,698</b>	<b>1,372,987,103</b>	<b>63,670,213</b>	<b>57,193,384</b>	<b>1,685,888,398</b>
Cost	259,598,356	2,049,472,843	94,834,841	97,197,800	2,501,103,840
Accumulated Depreciation	(67,560,658)	(676,485,739)	(31,164,628)	(40,004,416)	(815,215,442)
Acquisitions	870,168	14,540,965	616,706	10,075,895	26,103,735
Revaluation of Landfill Sites and Quarries	-	20,350,932	-	-	20,350,932
Capital Under Construction	82,770	48,416,826	212,150	-	48,711,746
Depreciation	(6,102,191)	(75,179,028)	(3,831,229)	(6,286,638)	(91,399,086)
Carrying Values of disposals	(1,729,696)	(2,414,969)	(111,972)	(1,147,069)	(5,403,706)
Cost	(3,269,771)	(4,788,017)	(258,963)	(1,928,300)	(10,245,050)
Accumulated Depreciation	1,540,075	2,373,048	146,990	781,231	4,841,345
Impairment loss	-	(6,068)	-	-	(6,068)
<b>Carrying Values at 30 June 2019</b>	<b>185,158,749</b>	<b>1,378,695,762</b>	<b>60,555,868</b>	<b>59,835,572</b>	<b>1,684,245,951</b>
Cost	257,281,523	2,127,993,549	95,404,735	105,345,396	2,586,025,203
Accumulated Depreciation	(72,122,774)	(749,297,787)	(34,848,867)	(45,509,824)	(901,779,252)

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 1.1 PROPERTY, PLANT AND EQUIPMENT

30 June 2018	Land and Buildings R	Infrastructure R	Community	Other R	Total R
<b>Reconciliation of Carrying Value</b>					
<b>Carrying Values at 1 July 2017</b>	<b>197,190,198</b>	<b>1,503,953,348</b>	<b>68,953,537</b>	<b>55,347,811</b>	<b>1,825,444,894</b>
Cost	258,610,793	2,097,863,376	96,722,285	90,201,192	2,543,397,647
Balance Previously Reported	258,741,302	2,108,098,297	93,474,066	91,883,535	2,552,197,200
Correction of Error - refer to note 35.01	(93,277)	(7,023,933)	-	(1,682,343)	(8,799,553)
Transferred	(37,232)	(3,210,988)	3,248,220	-	-
Accumulated Depreciation	(61,420,595)	(593,910,029)	(27,768,748)	(34,853,381)	(717,952,752)
Balance Previously Reported	(61,420,595)	(599,807,558)	(27,455,982)	(49,901,214)	(738,585,349)
Correction of Error - refer to note 35.01	-	5,584,763	-	15,047,833	20,632,596
Transferred	-	312,766	(312,766)	-	-
Acquisitions	238,003	11,248,671	263,305	7,982,185	19,732,164
Balance Previously Reported	193,836	10,638,155	-	5,467,021	16,299,011
Transferred from/to Under Construction	44,167	610,517	263,305	2,515,164	3,433,153
Revaluation of Landfill Sites and Quarries	-	(85,270,861)	-	-	(85,270,861)
Capital Under Construction	580,383	27,247,759	189,596	-	28,017,738
Balance Previously Reported	244,773	31,445,762	661,387	-	32,351,921
Correction of Error - refer to note 35.01	(12,505)	(892,915)	4,390	-	(901,030)
Transferred from/to Additions	(49,967)	(3,119,881)	(263,305)	-	(3,433,153)
Transferred between Under Construction	398,082	(185,206)	(212,876)	-	-
Transferred at Cost	212,517	1,249,692	(1,462,208)	-	-
Depreciation	(6,090,123)	(84,113,189)	(3,895,627)	(5,614,130)	(99,713,069)
Balance Previously Reported	(6,088,671)	(84,777,373)	(3,761,447)	(8,948,909)	(103,576,401)
Correction of Error - refer to note 35.01	(1,452)	559,942	(29,938)	3,334,779	3,863,332
Transferred	-	104,243	(104,243)	-	-

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 1.1 PROPERTY, PLANT AND EQUIPMENT

Carrying Values of disposals	(8,061)	(1,259,248)	(378,389)	(522,483)	(2,168,181)
Cost	(43,340)	(2,865,794)	(878,137)	(985,577)	(4,772,848)
Balance Previously Reported	(43,340)	(2,865,794)	(878,137)	(941,005)	(4,728,276)
Correction of Error - refer to note 35.01	-	-	-	(44,572)	(44,572)
Accumulated Depreciation	35,278	1,606,546	499,748	463,094	2,604,667
Balance Previously Reported	35,278	1,606,546	499,748	577,757	2,719,329
Correction of Error - refer to note 35.01	-	-	-	(114,662)	(114,662)
Impairment loss	(85,219)	(69,068)	-	-	(154,287)
<b>Carrying Values at 30 June 2018</b>	<b>192,037,698</b>	<b>1,372,987,103</b>	<b>63,670,213</b>	<b>57,193,384</b>	<b>1,685,888,398</b>
Cost	259,598,356	2,049,472,843	94,834,841	97,197,800	2,501,103,840
Accumulated Depreciation	(67,560,658)	(676,485,739)	(31,164,628)	(40,004,416)	(815,215,442)

<b>Expenditure incurred to maintain PPE</b>	<b>Land and Buildings</b>	<b>Infrastructure</b>	<b>Community</b>	<b>Other</b>	<b>Total</b>
Contracted Services	328,472	2,494,470	136,853	5,733,230	8,693,025
Consumable Items	267,923	2,347,785	543,441	4,045,506	7,204,655
<b>30 June 2019</b>	<b>596,396</b>	<b>4,842,255</b>	<b>680,294</b>	<b>9,778,736</b>	<b>15,897,680</b>
Contracted Services	414,280	1,074,735	94,215	2,417,877	4,001,106
Consumable Items	272,833	3,246,769	370,940	5,539,194	9,429,736
Balance Previously Reported	277,223	3,307,014	370,940	5,539,194	9,494,371
Correction of Error - refer to note 30	(4,390)	(60,245)	-	-	(64,635)
<b>30 June 2018</b>	<b>687,113</b>	<b>4,321,504</b>	<b>465,155</b>	<b>7,957,070</b>	<b>13,430,842</b>

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

### 1.1 PROPERTY, PLANT AND EQUIPMENT

Disclosure of PPE Under Construction (WIP)	Land and Buildings	Infrastructure	Community	Other	Total
Opening Balance 2018/2019	1,035,246	37,388,167	1,780,532	-	40,871,825
Under construction additions	82,770	48,416,826	212,150	-	48,711,746
Transferred from Under Construction to Additions	(1,008,046)	(27,827,515)	(4,390)	-	(28,839,951)
<b>30 June 2019</b>	<b>109,970</b>	<b>57,977,478</b>	<b>1,988,292</b>	<b>-</b>	<b>60,743,621</b>
Opening Balance 2017/2018	832,528	29,022,413	5,993,113	-	35,848,054
Balance Previously Reported	869,758	33,732,116	3,266,106	4,177,059	42,045,039
Transferred to Additions	-	-	-	(3,715,823)	(3,715,823)
Transferred	(37,230)	(2,689,777)	2,727,007	-	-
Correction of Error - refer to note 35.01	-	(2,019,926)	-	(461,236)	(2,481,163)
Under construction	580,383	27,412,269	189,596	-	28,850,127
Balance Previously Reported	244,773	31,445,762	661,387	-	32,283,280
Transferred to Additions	(49,967)	(2,955,371)	(263,305)	-	(3,433,153)
Transferred	398,082	(185,206)	(212,876)	-	-
Correction of Error - refer to note 35.01	(12,505)	(892,915)	4,390	-	-
Transferred from Under Construction to Additions	(377,665)	(19,046,514)	(4,402,177)	-	(23,826,356)
Balance Previously Reported	(377,665)	(18,764,381)	-	-	(19,142,046)
Transferred to additions	-	(282,134)	-	-	(282,134)
Correction of Error - refer to note 35.01	-	-	(4,402,177)	-	(4,402,177)
<b>30 June 2018</b>	<b>1,035,246</b>	<b>37,388,167</b>	<b>1,780,532</b>	<b>-</b>	<b>40,871,825</b>

No projects were identified which have been delayed.

## **DAWID KRUIPER MUNICIPALITY**

### **Notes to the Financial Statements for the Year Ended 30 June 2019**

#### **1.1 PROPERTY, PLANT AND EQUIPMENT**

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the Municipality.

The Municipality did not pledge any of its assets as security.

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
<b>1.2</b>	<b>INTANGIBLE ASSETS</b>		
	<b>Carrying value as at 1 July</b>	<b>5,908,742</b>	<b>3,745,809</b>
	Cost	8,294,149	6,805,048
	Accumulated amortisation and impairment losses	(2,385,408)	(3,059,239)
	Acquisitions	453,663	2,522,182
	Impairment for the period	-	(54,289)
	Amortisation for the period	(426,794)	(304,960)
	Carrying value of disposals	(38,535)	-
	Cost	(51,229)	(1,033,081)
	Accumulated amortisation	12,694	1,033,081
	<b>Carrying value as at 30 June</b>	<b>5,897,075</b>	<b>5,908,742</b>
	Cost	8,696,583	8,294,149
	Accumulated amortisation and impairment losses	(2,799,508)	(2,385,408)
	<b>Expenditure incurred to maintain Intangible Assets</b>		
	Contracted Services	475,130	471,511
	<b>Total Expenditure incurred</b>	<b>475,130</b>	<b>471,511</b>
	The amortisation expense has been included in the line item Depreciation and Amortisation in the Statement of Financial Performance Note 27		
	All of the Municipality's Intangible Assets are held under freehold interest and no Intangible Assets had been pledged as security for any liabilities of the Municipality.		
	No restrictions apply to any of the Intangible Assets of the Municipality.		
	The Municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.		
	Impairment losses is due to SAMRAS system and Cashflow Version 2 no longer operational.		

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
1.3	<b>INVESTMENT PROPERTY AT FAIR VALUE</b>		
	<b>Reconciliation of fair value</b>		
	<b>Balance as at 1 July</b>	<b>613,209,698</b>	<b>589,631,901</b>
	Balance Previously Reported		593,335,161
	Correction of Error - refer to note 35.02		(3,703,260)
	Acquisitions	186,957	1,519,050
	Disposal	(123,314)	(526,114)
	Fair value adjustment	136,154,776	22,584,861
			22,318,967
			265,894
	<b>Carrying value as at 30 June</b>	<b><u>749,428,116</u></b>	<b><u>613,209,698</u></b>
	All of the Municipality's Investment Property is held under freehold interest and no Investment Property had been pledged as security for any liabilities of the municipality.		
	The effective date of the revaluations was 30 June 2019. Revaluations were performed by independent valuers, which are not connected to the entity and have recent experience in location and category of the investment property being valued.		
	Properties were valued on the comparative sales method of valuation, based on the active market values in the area.		
	The Fair Value of Investment Properties was determined by a qualified valuer based on current market prices. The current demand in property in Uppington resulted in an increase in property prices.		
	There are no contractual obligations on Investment Property.		



**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

**1.4 HERITAGE ASSETS**

<b>1 July 2018</b>		<b>Cultural Land and Buildings R</b>	<b>Historical Sites R</b>	<b>National Monuments R</b>	<b>Total R</b>
<b>Reconciliation of Carrying Value</b>					
<b>Carrying Values at 1 July 2018</b>		<b>4,473,475</b>	<b>26,000</b>	<b>10,000</b>	<b>4,509,475</b>
Cost		4,473,475	26,000	10,000	4,509,475
Accumulated Depreciation		-	-	-	-
Acquisitions		-	-	-	-
Depreciation		-	-	-	-
<b>Carrying Values at 30 June 2019</b>		<b>4,473,475</b>	<b>26,000</b>	<b>10,000</b>	<b>4,509,475</b>
Cost		4,473,475	26,000	10,000	4,509,475
Accumulated Depreciation		-	-	-	-

<b>30 June 2018</b>		<b>Cultural Land and Buildings R</b>	<b>Historical Sites R</b>	<b>National Monuments R</b>	<b>Total R</b>
<b>Reconciliation of Carrying Value</b>					
<b>Carrying Values at 1 July 2017</b>		<b>4,473,475</b>	<b>26,000</b>	<b>10,000</b>	<b>4,509,475</b>
Cost		4,473,475	26,000	10,000	4,509,475
Accumulated Depreciation		-	-	-	-
Acquisitions		-	-	-	-
Depreciation		-	-	-	-
Carrying Values of disposals		-	-	-	-
<b>Carrying Values at 30 June 2018</b>		<b>4,473,475</b>	<b>26,000</b>	<b>10,000</b>	<b>4,509,475</b>
Cost		4,473,475	26,000	10,000	4,509,475
Accumulated Depreciation		-	-	-	-

All of the Municipality's Heritage Assets are held under freehold interest and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the Municipality.

The effective date of the revaluations was 1 July 2012. Cost was determined by independent valuers, which are not connected to the municipality and have recent experience in location and category of the heritage assets.

The heritage assets' values were determined directly by reference to resale value of the material of the asset or scrap metal.

The Municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
2	<b>NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	Sundry Loans	1,535	13,842
	Less: Current portion transferred to current assets	(1,535)	(4,938)
	<b>Total Non-Current Receivables From Exchange Transactions</b>	<b>-</b>	<b>8,904</b>
	<i>The Municipality does not hold deposits or any other security for its Long-Term Receivables.</i>		
	<i>These receivables are not regarded as loans as this was incorrect payments to employees which is recovered in terms of affordability and the Basic Conditions Act. Receivable as at 30 June 2019 was for the recovery of losses due to negligence.</i>		
	<i>No Long-Term Receivables have been pledged as security for the Municipality's financial liabilities.</i>		

3	<b>INVENTORY</b>		
	Consumable Stores – at Cost	10,199,013	5,427,470
	Unsold water - at Cost	156,324	248,827
	<b>Total Inventory</b>	<b>10,355,337</b>	<b>5,676,297</b>
	<i>Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.</i>		
	<i>No inventories have been pledged as collateral for Liabilities of the Municipality.</i>		
	<i>An inventory loss to the amount of R 370 972 (2018: R 9 347) have been accounted during the period under review.</i>		
	<i>Included in consumable stock, is slow moving stock (stock showing no movement for the last 365 days) amounting to R 1 169 007 (2018: R 1 010 828).</i>		
	<i>The value and quantity of unsold water at year-end was calculated on a management estimate based on the % of the capacity of the water storage facilities and the cost per kl water purified during the financial year.</i>		

4	<b>TRADE RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS</b>			
	<b>As at 30 June 2019</b>	<b>Gross Balances</b>	<b>Provision for Bad Debts</b>	<b>Net Balance</b>
	Trade receivables from Exchange Transactions	117,532,062	(48,780,361)	68,751,702
	Trade receivables from Non-Exchange Transactions	37,016,234	(22,712,894)	14,303,340
	<b>Total Trade Receivables From Exchange and Non-Exchange Transactions</b>	<b>154,548,296</b>	<b>(71,493,254)</b>	<b>83,055,042</b>

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	<b>Trade Receivables from Exchange Transactions</b>	<b>Gross Balances</b>	<b>Provision for Bad Debts</b>
		<b>R</b>	<b>R</b>
	Total Exchange Debtors	97,563,373	(48,780,361)
	Sundry Debtors	641,166	-
	Provision for income not yet billed	19,327,523	-
	<b>Total Trade Receivables from Exchange Transactions</b>	<b>117,532,062</b>	<b>(48,780,361)</b>
			<b>68,751,702</b>
	<b>Trade receivables from Non-Exchange Transactions</b>	<b>Gross Balances</b>	<b>Provision for Bad Debts</b>
		<b>R</b>	<b>R</b>
	Total Non-Exchange Debtors	24,598,279	(11,421,022)
	Sundry Debtors	350,725	-
	Plus: Traffic Debtors	12,067,229	(11,291,872)
	<b>Total Trade Receivables from Non-Exchange Transactions</b>	<b>37,016,234</b>	<b>(22,712,894)</b>
			<b>14,303,340</b>
	<b>TRADE RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS</b>		
	<b>As at 30 June 2018</b>	<b>Gross Balances</b>	<b>Provision for Bad Debts</b>
			<b>Net Balance</b>
	Trade receivables from Exchange Transactions	100,224,943	(38,833,531)
	Balance Previously Reported	100,105,351	(38,778,540)
	Correction of Error - refer to note 35.03	119,593	(54,992)
	Trade receivables from Non-Exchange Transactions	34,274,905	(21,974,793)
	Balance Previously Reported	34,282,789	(21,962,109)
	Correction of Error - refer to note 35.04	(7,884)	(12,683)
	<b>Total Trade Receivables From Exchange and Non-Exchange Transactions</b>	<b>134,499,848</b>	<b>(60,808,324)</b>
			<b>73,691,524</b>
	<b>Trade receivables from Exchange Transactions</b>	<b>Gross Balances</b>	<b>Provision for Bad Debts</b>
		<b>R</b>	<b>R</b>
	Total Exchange Debtors	79,660,045	(38,833,531)
	Balance Previously Reported	79,540,452	(38,778,540)
	Correction of Error - refer to note 35.03	119,593	(54,992)
	Sundry Debtors	3,114,322	-
	Provision for income not yet billed	17,450,577	-
	<b>Total Trade Receivables from Exchange Transactions</b>	<b>100,224,943</b>	<b>(38,833,531)</b>
			<b>61,391,412</b>

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R	
	<b>Trade receivables from Non-Exchange Transactions</b>	<b>Gross Balances R</b>	<b>Provision for Bad Debts R</b>	<b>Net Balance R</b>
	Total Non-Exchange Debtors	22,629,228	(11,268,961)	11,360,267
	Balance Previously Reported	22,601,939	(11,256,278)	11,345,661
	Correction of Error - refer to note 35.04	27,289	(12,683)	14,606
	Sundry Debtors	360,215	-	360,215
	Balance Previously Reported	395,388	-	395,388
	Correction of Error - refer to note 35.04	(35,173)	-	(35,173)
	Plus: Traffic Debtors	11,285,462	(10,705,831)	579,631
	<b>Total Trade Receivables From Exchange and Non-Exchange Transactions</b>	<b>34,274,905</b>	<b>(21,974,793)</b>	<b>12,300,112</b>
<i>The Municipality did not pledge any of its Receivables as security for borrowing purposes.</i>				
<b>Ageing of Receivables from Exchange Transactions:</b>				
<b><u>Electricity: Ageing</u></b>				
	Current (0 - 30 days)	12,397,908		11,627,676
	31 - 60 Days	189,436		310,667
	61 - 90 Days	85,850		64,090
	91 - 120 Days	59,900		51,447
	+ 120 Days	963,489		1,382,038
		13,696,583		13,435,919
<b><u>Water: Ageing</u></b>				
	Current (0 - 30 days)	5,508,742		3,610,379
	31 - 60 Days	916,074		1,327,099
	61 - 90 Days	760,057		828,198
	91 - 120 Days	517,139		576,787
	+ 120 Days	10,878,962		8,582,081
		18,580,975		14,924,544
<b><u>Refuse: Ageing</u></b>				
	Current (0 - 30 days)	3,199,839		2,363,574
	31 - 60 Days	1,211,505		2,071,272
	61 - 90 Days	1,219,818		597,947
	91 - 120 Days	1,065,274		689,201
	+ 120 Days	15,084,727		9,582,988
		21,781,162		15,304,981

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	<b><u>Sewerage: Ageing</u></b>		
	Current (0 - 30 days)	3,005,644	2,582,457
	31 - 60 Days	841,198	1,820,684
	61 - 90 Days	716,363	506,317
	91 - 120 Days	604,685	492,405
	+ 120 Days	11,164,342	6,964,989
		<u>16,332,231</u>	<u>12,366,853</u>
	<b><u>VAT: Ageing</u></b>		
	Current (0 - 30 days)	3,452,903	3,406,749
	31 - 60 Days	747,966	645,949
	61 - 90 Days	291,903	520,156
	91 - 120 Days	329,649	544,964
	+ 120 Days	5,151,637	3,196,175
		<u>9,974,059</u>	<u>8,313,992</u>
	<b><u>Other: Ageing</u></b>		
	Current (0 - 30 days)	1,538,833	1,685,953
	31 - 60 Days	592,329	1,448,293
	61 - 90 Days	446,940	578,874
	91 - 120 Days	400,739	329,930
	+ 120 Days	14,219,522	11,270,707
		<u>17,198,363</u>	<u>15,313,756</u>
	<b><u>Total: Ageing</u></b>		
	Current (0 - 30 days)	29,103,870	25,276,788
	31 - 60 Days	4,498,508	7,623,964
	61 - 90 Days	3,520,931	3,095,582
	91 - 120 Days	2,977,386	2,684,734
	+ 120 Days	57,462,678	40,978,977
		<u>97,563,373</u>	<u>79,660,045</u>
	<i>The total ageing does not include the provision for income not yet billed of R 19 327 523 (2018: R 17 450 577).</i>		
	<b>Ageing of Receivables from Non-Exchange Transactions:</b>		
	<b><u>Rates: Ageing</u></b>		
	Current (0 - 30 days)	5,990,218	5,944,637
	31 - 60 Days	483,418	2,328,367
	61 - 90 Days	502,026	259,410
	91 - 120 Days	325,390	152,636
	+ 120 Days	17,297,228	13,944,179
		<u>24,598,279</u>	<u>22,629,228</u>
	<i>The ageing does not include sundry debtors of R 350 725 (2018: R 395 388) and traffic fines of R 12 067 229 (2018: R 11 285 462).</i>		

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	Payments received are being prioritised in the following order:  - Property Rates - Refuse and Sanitation - Water - Electricity		
	<b>Reconciliation of the Provision for Impairment</b>		
	Balance at beginning of the year	60,808,324	42,552,531
	Provision for bad debt	10,684,930	18,255,793
	Balance Previously Reported		18,188,118
	Correction of Error - refer to 35.03 and 35.04		67,675
	<b>Balance at the end of the year</b>	71,493,254	60,808,324
	Receivables from Exchange Transactions	48,780,361	38,833,531
	Receivables from Non-Exchange Transactions	22,712,894	21,974,793
	Receivables from Exchange Transactions are billed monthly. No interest is charged on Receivables until the next billing period in the following month. Thereafter interest is charged at a rate determined by Council on the outstanding balance.		
	Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.		
	The Municipality did not pledge any of its Receivables as security for borrowing purposes.		
	Concentrations of credit risk with respect to trade receivables are limited due to the Municipality's large number of customers. The Municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the Municipality's trade receivables.		

5	<b>OPERATING LEASE ASSET</b>		
	Balance at the beginning of the period	134,020	92,517
	Operating Lease Revenue effected	16,973	41,502
	<b>Total Operating Lease Asset</b>	<b>150,993</b>	<b>134,020</b>
	<b>The municipality as Lessor:</b>		
	Operating Leases relate to Property owned by the municipality with lease terms of between 2 to 20 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.		

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	<b>Amounts receivable under Operating Leases:</b>		
	<i>At the reporting date the following minimum lease payments were receivable under non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follow:</i>		
	Up to 1 year	9,072	(16,973)
	2 to 5 years	141,921	150,993
	<b>Total Operating Lease Arrangements</b>	<b>150,993</b>	<b>134,020</b>
	<i>No restrictions have been imposed by the municipality in terms of the operating lease agreements.</i>		

<b>6</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cashier's Float	3,640	3,740
	Petty Cash	2,000	2,000
	Short-Term Investments qualifying as Cash and Cash Equivalents	49,835,541	56,928,409
	Primary Bank Account - ABSA Bank Limited	-	18,317,731
	Cash book balance of traffic account	468,804	1,330,562
	<b>Total Cash and Cash Equivalents</b>	<b>50,309,985</b>	<b>76,582,442</b>
	<b><u>Current Account (Primary Bank Account)</u></b>		
	<b><i>ABSA Bank Limited - Upington Branch: Account Number 22-4000-0051</i></b>		
	Cash Book Balance at Beginning of Period	18,317,731	846,816
	Cash Book Balance at End of Period	(20,509,457)	18,317,731
	Bank Statement Balance at Beginning of Period	17,415,660	7,688,190
	Bank Statement Balance at End of Period	3,848,494	17,415,660
	<i>The Municipality does not have any overdrawn current account facilities with its banker as at 30 June 2019.</i>		
	<b><u>Current Account (Traffic Bank Account)</u></b>		
	<b><i>ABSA Bank Limited - Upington Branch: Account Number 40-8511-2448</i></b>		
	Cash Book Balance at Beginning of Period	1,330,562	1,755,813
	Cash Book Balance at End of Period	468,804	1,330,562
	Bank Statement Balance at Beginning of Period	1,313,722	1,718,003
	Bank Statement Balance at End of Period	447,722	1,313,722

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	<b><u>Current Account (Standard Bank Account)</u></b>		
	<i>Standard Bank Limited - Upington Branch: Account Number 406 81 092</i>		
	Cash Book Balance at Beginning of Period	-	48,103
	Cash Book Balance at End of Period	-	-
	Bank Statement Balance at Beginning of Period	-	48,103
	Bank Statement Balance at End of Period	-	-
	<i>The account was closed during July 2017 and is no longer in use.</i>		
	<b>Investments qualifying as Cash and Cash Equivalents:</b>		
	<b>Institution</b>	<b>Account Number</b>	
	ABSA Bank	90-8329-4211	24,720
	Investec Bank	1100-528419-623	3,960,972
	Investec Bank	1100-528419-624	52,942,717
	Grindrod Bank	11000588044	-
		<b>49,835,541</b>	<b>56,928,409</b>
<b>7</b>	<b>NON-CURRENT BORROWINGS</b>		
	Annuity Loans	105,266,207	115,191,410
	Less : Current portion transferred to current liabilities	(10,981,070)	(9,876,274)
	<b>Total Non-Current Borrowings</b>	<b>94,285,137</b>	<b>105,315,136</b>
	<i>A loan to the amount of R 10 million was raised on the 29th of June 2018. The full detail regarding the term and interest rate are disclosed in Appendix A to the Annual Financial Statements.</i>		
	<i>(Refer to Appendix A for more detail on long-term liabilities)</i>		



**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
<b>8</b>	<b>NON-CURRENT EMPLOYEE BENEFITS</b>		
	Post Retirement Medical Benefits	96,776,286	87,457,918
	Long-Service Awards	12,165,934	13,319,818
	<b>Total Non-current Employee Benefits</b>	<b>108,942,220</b>	<b>100,777,736</b>
<b>8.1</b>	<b>POST RETIREMENT MEDICAL BENEFITS</b>		
	Balance 1 July	90,355,765	93,822,168
	Service Cost	5,540,053	6,969,055
	Interest Cost	8,564,935	11,078,450
	Expenditure for the year	(2,913,612)	(2,780,755)
	Past Service Cost	-	3,736,995
	Actuarial (Gain)	(1,509,278)	(22,470,148)
		100,037,863	90,355,765
	Less: Transfer of Current Portion	(3,261,577)	(2,897,847)
	<b>Net Post-Employment Health Care Benefit Liability</b>	<b>96,776,286</b>	<b>87,457,918</b>
<b>8.2</b>	<b>LONG SERVICE AWARDS</b>		
	Balance 1 July	14,809,324	14,056,587
	Service Cost	1,383,943	1,371,700
	Interest Cost	1,209,464	1,171,660
	Expenditure for the year	(2,427,788)	(1,580,135)
	Actuarial (Gain)	(859,738)	(210,488)
		14,115,205	14,809,324
	Less: Transfer of Current Portion	(1,949,271)	(1,489,506)
	<b>Net Long Service Awards Liability</b>	<b>12,165,934</b>	<b>13,319,818</b>
	<b>TOTAL NON-CURRENT EMPLOYEE BENEFITS</b>		
	Balance 1 July	105,165,089	107,878,755
	Service Cost	6,923,996	8,340,755
	Interest Cost	9,774,399	12,250,110
	Expenditure for the year	(5,341,400)	(4,360,890)
	Past Service Cost	-	3,736,995
	Actuarial (Gain)	(2,369,016)	(22,680,636)
		114,153,068	105,165,089
	Less: Transfer of Current Portion	(5,210,848)	(4,387,353)
	<b>Net Total Non-Current Employee Benefit</b>	<b>108,942,220</b>	<b>100,777,736</b>
	<b>Post Retirement Benefits</b>		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	- In-service (employees) members	417	434
	- In-service (employee) non-members	481	502
	- Continuation members (e.g. Retirees, widows, orphans)	75	71
	<b>Total</b>	<b>973</b>	<b>1,007</b>

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	The liability in respect of past service has been estimated to be as follows:		
	- In-service members	52,813,292	42,878,717
	- In-Service non-members	5,990,510	13,070,528
	- Continuation members	41,234,061	34,406,520
		<u>100,037,863</u>	<u>90,355,765</u>
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		<b>6 August 2016 - 30 June 2017</b>	
		<b>2017</b>	
		<b>R millions</b>	
	<b>2019</b>	<b>2018</b>	<b>2015</b>
	<b>R millions</b>	<b>R millions</b>	<b>R millions</b>
	Members	100.038	90.356
	Total Liability	<u>100.038</u>	<u>90.356</u>
		<b>93.822</b>	<b>-</b>
		<b>R millions</b>	<b>R millions</b>
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain) / Loss	2.032	(18.565)
	Assets: Gain / (Loss)	-	-
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		<b>6 August 2016</b>	
		<b>-</b>	
		<b>30 June 2017</b>	
		<b>2017</b>	
		<b>R millions</b>	
	<b>2016</b>	<b>2015</b>	
	<b>R millions</b>	<b>R millions</b>	<b>R millions</b>
	Liabilities: (Gain) / Loss	4.948	-
	Assets: Gain / (Loss)	-	-
	The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.		
	As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.		
	Therefore, although the Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.		
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	- Bonitas		
	- Hosmed		
	- LA Health		
	- Keyhealth		
	- Samwumed		

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	Key actuarial assumptions used:		
	The principal assumptions used for the purposes of the actuarial valuations were as follows:		
	<b>Rate of interest</b>		
	Discount rate	9.50%	9.63%
	Health Care Cost Inflation Rate	6.94%	7.40%
	Net Effective Discount Rate	2.39%	2.08%
	Maximum Subsidy Inflation Rate	4.83%	5.18%
	Net-of-maximum--subsidy-inflation discount rate	4.45%	4.24%
	<b>Mortality rates</b>		
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries		
	<b>Normal retirement age</b>		
	It has been assumed that in-service members will retire at an average age of 63, which then implicitly allows for expected rates of early and ill-health retirement.		
	<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
	Present value of fund obligations	100,037,863	90,355,765
	<b>Net liability/(asset)</b>	<b>100,037,863</b>	<b>90,355,765</b>
	The Municipality has elected to recognise the full increase in this defined benefit liability immediately		
	Balance 1 July	90,355,765	93,822,168
	Contribution for the year	5,540,053	6,969,055
	Interest Cost	8,564,935	11,078,450
	Expenditure for the year	(2,913,612)	(2,780,755)
	Past Service Cost	-	3,736,995
	Actuarial (Gain)	(1,509,278)	(22,470,148)
		100,037,863	90,355,765
	Less: Transfer of Current Portion	(3,261,577)	(2,897,847)
	<b>Net Post-Employment Health Care Benefit Liability</b>	<b>96,776,286</b>	<b>87,457,918</b>
	<b>Sensitivity Analysis on the Accrued Liability</b>		
		<b>In-Service Members and Non-members liability R millions</b>	<b>Continuation members liability R millions</b>
	<b>Assumption</b>		<b>Total liability R millions</b>
	Central Assumptions	58.804.	41.234.
			100.038.
	The effect of movements in the assumptions are as follows:		
		<b>Change</b>	<b>Liability R millions</b>
	<b>Assumptions</b>		<b>Change %</b>
	Central assumptions	-	100.038
	Health Care Inflation	+ 1%	106.941
	Health Care Inflation	- 1%	90.820
	Discount Rate	+ 1%	86.968
	Discount Rate	- 1%	116.489
	Post-retirement mortality	-1 year	102.609
	Average retirement age	-1 year	103.901
	Continuation of membership at retirement	-10%	89.362

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	<b>Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2019</b>		
	The effect of movements in the assumptions are as follows:		
	<b>Assumptions</b>	<b>Current Service Cost R millions</b>	<b>Interest Cost R millions</b>
	<b>Change</b>	<b>Total R millions</b>	<b>Change %</b>
	Central Assumptions	5.5401	8.5649
	Health Care Inflation + 1%	6.0345	9.1361
	Health Care Inflation - 1%	4.8271	7.7602
	Discount Rate + 1%	4.5734	8.1365
	Discount Rate - 1%	6.7868	9.0216
	Post-retirement mortality -1 year	5.6930	8.8191
	Average retirement age -1 year	5.9600	8.9505
	Continuation of membership at retirement -10%	4.7071	7.8297
		12.5368	-11%
	<b>Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2020</b>		
	The effect of movements in the assumptions are as follows:		
	<b>Assumptions</b>	<b>Current Service Cost R millions</b>	<b>Interest Cost R millions</b>
	<b>Change</b>	<b>Total R millions</b>	<b>Change %</b>
	Central Assumptions	4.6196	9.3522
	Health Care Inflation + 1%	5.0744	10.0072
	Health Care Inflation - 1%	3.9999	8.4772
	Discount Rate + 1%	3.8225	8.9647
	Discount Rate - 1%	5.6561	9.7658
	Post-retirement mortality -1 year	4.7218	9.5964
	Average retirement age -1 year	4.8061	9.7192
	Continuation of membership at retirement -10%	3.6010	8.3380
		11.9390	-15%
	<b>Long Service Bonuses</b>		<b>Employees</b>
	The Long Service Bonus plans are defined benefit plans		
	As at year end, the following number of employees were eligible for Long Service Bonuses		
		895	932
	<b>Rate of interest</b>		
	Discount Rate	8.07%	8.59%
	General Increase Rate	5.50%	6.19%
	Net Discount Rate	2.44%	2.26%
	<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
	Present value of fund obligations	14,115,205	14,809,324
	<b>Net liability</b>	<b>14,115,205</b>	<b>14,809,324</b>

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		6 August 2016 -	
		30 June 2017 2017	
		2016	2015
		R millions	R millions
	Members	14.115	14.809
	Total Liability	14.115	14.809
		2019 R millions	2018 R millions
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain) / Loss	1.477	(0.033)
	Assets: Gain / (Loss)	-	-
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		6 August 2016 -	
		30 June 2017 2017	
		2016	2015
		R millions	R millions
	Liabilities: (Gain) / Loss	1.016	-
	Assets: Gain / (Loss)	-	-
		2019	2018
	Balance 1 July	14,809,324	14,056,587
	Contribution for the year	1,383,943	1,371,700
	Interest Cost	1,209,464	1,171,660
	Expenditure for the year	(2,427,788)	(1,580,135)
	Actuarial (Gain)	(859,738)	(210,488)
		14,115,205	14,809,324
	Less: Transfer of Current Portion	(1,949,271)	(1,489,506)
	<b>Net Long-Service Award Liability</b>	<b>12,165,934</b>	<b>13,319,818</b>
	<b>Sensitivity Analysis on the Accrued Liability</b>		
	<b>Assumptions</b>	<b>Change</b>	<b>Liability R millions</b>
	Central assumptions	-	14.115
	General earnings inflation	+ 1%	14.912
	General earnings inflation	- 1%	13.386
	Discount rate	+ 1%	13.320
	Discount rate	- 1%	15.001
	Average retirement age	-2 yrs	12.376
	Average retirement age	+2 yrs	15.803
	Withdrawal rates	- 50%	16.153
			Change %
			-
			6%
			-5%
			-6%
			6%
			-12%
			12%
			14%

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R			
	<b>Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2019</b>					
	The effect of movements in the assumptions are as follows:					
	<b>Assumptions</b>	<b>Change</b>	<b>Current Service Cost R millions</b>	<b>Interest Cost R millions</b>	<b>Total R millions</b>	<b>Change %</b>
	Central Assumptions		1.3839	1.2095	2.5934	
	General Earnings Inflation	1%	1.5010	1.2915	2.7925	8%
	General Earnings Inflation	-1%	1.2792	1.1350	2.4142	-7%
	Discount Rate	1%	1.2867	1.2613	2.5480	-2%
	Discount Rate	-1%	1.4942	1.1478	2.6420	2%
	Average retirement age	-2 years	1.2704	1.1116	2.3820	-8%
	Average retirement age	+2 years	1.5081	1.3269	2.8350	9%
	Withdrawal Rate	-50%	1.7311	1.4118	3.1429	21%
	<b>Sensitivity Analysis on Current-service and Interest Cost for the year ending 30 June 2020</b>					
	The effect of movements in the assumptions are as follows:					
	<b>Assumptions</b>	<b>Change</b>	<b>Current Service Cost R millions</b>	<b>Interest Cost R millions</b>	<b>Total R millions</b>	<b>Change %</b>
	Central Assumptions		1.3338	1.0620	2.3958	
	General Earnings Inflation	1%	1.4337	1.1263	2.5600	7%
	General Earnings Inflation	-1%	1.2437	1.0031	2.2468	-6%
	Discount Rate	1%	1.2487	1.1216	2.3703	-1%
	Discount Rate	-1%	1.4297	0.9929	2.4226	1%
	Average retirement age	-2 years	1.1844	0.9247	2.1091	-12%
	Average retirement age	+2 years	1.4761	1.1978	2.6739	12%
	Withdrawal Rate	-50%	1.6087	1.2264	2.8351	18%

<b>9</b>	<b>NON-CURRENT PROVISIONS</b>		
	Landfill Site - Environmental Rehabilitation	61,883,325	49,288,622
	Quarries - Environmental Rehabilitation	36,712,646	32,815,625
	<b>Total Non-Current Provisions</b>	<b>98,595,971</b>	<b>82,104,247</b>
<b>9.1</b>	<b><u>Landfill Site - Environmental rehabilitation</u></b>		
	Balance beginning of the period	63,786,866	85,753,568
	Change in landfill closure provision	18,669,201	(21,966,702)
		82,456,067	63,786,866
	Less: Transfer of Current Portion	(20,572,742)	(14,498,244)
	<b>Balance at the end of the period</b>	<b>61,883,325</b>	<b>49,288,622</b>
	<i>Dawid Kruiper Municipality currently operate a landfill sites. Environmental rehabilitation – environmental obligation to rehabilitate the various landfill sites upon closure.</i>		
	Askham Landfill Site	4,526,545	3,783,170
	De Duine Landfill Site	37,982,093	28,284,620
	Groot Mier Landfill Site	4,382,364	3,909,791
	Leerkrans Landfill Site	4,881,715	3,608,409
	Loubos Landfill Site	4,978,111	4,018,263
	Noenieput Landfill Site	6,568,915	4,250,443

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R		
	Philandersbron Landfill Site	5,124,148	4,102,437		
	Rietfontein Landfill Site	5,078,191	4,059,192		
	Swartkop Landfill Site	4,540,847	3,867,934		
	Welkom Landfill Site	4,393,137	3,902,606		
	<b>Total Landfill site rehabilitation</b>	<b>82,456,067</b>	<b>63,786,866</b>		
In terms of the licencing of the landfill refuse sites, the Municipality will incur rehabilitation costs to restore the sites at the end of their useful lives.					
<b>Key financial assumptions used for 30 June 2019:</b>					
	<b>CPI</b>	<b>Discount Rate</b>	<b>Risk Allowance</b>	<b>Net Rate</b>	
	Askham Landfill Site	6.21%	9.64%	0.00%	3.2%
	Loubos Landfill Site	6.21%	9.64%	0.00%	3.2%
	Swartkopdam Landfill Site	6.21%	9.64%	0.00%	3.2%
	De Duine Landfill Site	6.21%	9.64%	0.00%	3.2%
	Noenieput Landfill Site	6.21%	9.64%	0.00%	3.2%
	Welkom Landfill Site	6.21%	9.64%	0.00%	3.2%
	Groot Mier Landfill Site	6.21%	9.64%	0.00%	3.2%
	Philandersbron Landfill Site	6.21%	9.64%	0.00%	3.2%
	Leerkrans Landfill Site	6.21%	9.64%	0.00%	3.2%
	Rietfontein Landfill Site	6.21%	9.64%	0.00%	3.2%
<b>Key financial assumptions used for 30 June 2018:</b>					
<b>Assumptions</b>					
	<b>CPI</b>	<b>Discount Rate</b>	<b>Risk Allowance</b>	<b>Net Rate</b>	
	Askham Landfill Site	5.10%	8.25%	0.50%	2.5%
	Loubos Landfill Site	5.10%	5.63%	0.50%	0.0%
	Swartkopdam Landfill Site	5.10%	8.25%	0.50%	2.5%
	De Duine Landfill Site	5.10%	8.25%	0.50%	2.5%
	Noenieput Landfill Site	5.10%	9.83%	1.00%	3.5%
	Welkom Landfill Site	5.10%	8.25%	0.50%	2.5%
	Groot Mier Landfill Site	5.10%	8.25%	0.50%	2.5%
	Philandersbron Landfill Site	5.10%	8.25%	0.50%	2.5%
	Leerkrans Landfill Site	5.10%	5.63%	0.50%	0.0%
	Rietfontein Landfill Site	5.10%	8.25%	0.50%	2.5%
9.2	<b><u>Quarries - Environmental rehabilitation</u></b>				
	Balance beginning of the period	39,454,836	102,758,995		
	Change in quarry closure provision	1,681,731	(63,304,159)		
		41,136,567	39,454,836		
	Less: Transfer of Current Portion	(4,423,921)	(6,639,211)		
	<b>Balance at the end of the period</b>	<b>36,712,646</b>	<b>32,815,625</b>		
Dawid Kruiper Municipality currently operates three quarries, while two quarries are not in use anymore. The municipality have an environmental obligation to rehabilitate the various landfill sites upon closure.					
	Leseding Quarry	11,233,674	10,780,877		
	Spitskop Quarry	24,551,595	23,561,992		
	Upington Quarry	4,850,514	4,655,004		
	Rietfontein 1 Quarry	247,139	225,513		
	Rietfontein 2 Quarry	253,645	231,450		
	<b>Total Quarries rehabilitation</b>	<b>41,136,567</b>	<b>39,454,836</b>		

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R		
	<i>In terms of the licencing of the landfill refuse sites, the Municipality will incur rehabilitation costs to restore the sites at the end of their useful lives.</i>				
	<b>Key financial assumptions used for 30 June 2019:</b>				
	<b>CPI</b>	<b>Discount Rate</b>	<b>Risk Allowance</b>	<b>Net Rate</b>	
	<i>Leseding Quarry</i>	6.21%	9.64%	0.00%	0.0%
	<i>Spitskop Quarry</i>	6.21%	9.64%	0.00%	3.2%
	<i>Upington Quarry</i>	6.21%	9.64%	0.00%	3.2%
	<i>Rietfontein 1 Quarry</i>	6.21%	9.64%	0.00%	3.2%
	<i>Rietfontein 2 Quarry</i>	6.21%	9.64%	0.00%	0.0%
	<b>Key financial assumptions used for 30 June 2018:</b>				
	<b>CPI</b>	<b>Discount Rate</b>	<b>Risk Allowance</b>	<b>Net Rate</b>	
	<i>Leseding Quarry</i>	5.10%	5.63%	0.50%	0.0%
	<i>Spitskop Quarry</i>	5.10%	8.25%	0.50%	2.5%
	<i>Upington Quarry</i>	5.10%	8.25%	0.50%	2.5%
	<i>Rietfontein 1 Quarry</i>	5.10%	8.25%	0.50%	2.5%
	<i>Rietfontein 2 Quarry</i>	5.10%	5.63%	0.50%	0.0%

<b>10</b>	<b>CONSUMER DEPOSITS</b>		
	Electricity and Water	10,057,701	9,272,790
	Sundry	2,227,708	2,201,558
	Balance Previously Reported		2,196,353
	Correction of Error - refer to note 35.05		5,205
	<b>Total Consumer Deposits</b>	<b>12,285,410</b>	<b>11,474,348</b>
	<b>Guarantees Held In Lieu of Electricity and Water Deposits</b>	<b>265,745</b>	<b>270,335</b>
	<i>Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the Municipality can utilise the deposit as payment for the outstanding account.</i>		
	<i>No interest is paid on Consumer Deposits held.</i>		

<b>11</b>	<b>PROVISIONS</b>		
	Performance Bonus	866,260	976,635
	Leave Provision	26,215,383	23,639,081
	Current portion of Non-Current Provisions	24,996,663	21,137,455
	<b>Total Provisions</b>	<b>52,078,306</b>	<b>45,753,170</b>
	<b>Performance bonuses</b>		
	Balance beginning of the period	976,635	1,073,946
	Performance bonuses paid	(914,083)	(1,164,169)
	Contributions	803,708	1,066,858
	<b>Balance at the end of the period</b>	<b>866,260</b>	<b>976,635</b>



**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	<b>Leave Provision</b>		
	Balance beginning of the period	23,639,081	18,710,414
	Leave payouts	(712,003)	(701,143)
	Contribution	3,288,305	5,629,809
	<b>Balance at the end of the period</b>	<b>26,215,383</b>	<b>23,639,081</b>

<b>12</b>	<b>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Trade Creditors	51,879,190	73,030,215
	Balance Previously Reported		76,310,181
	Correction of Error - refer to note 35.06		(3,279,965)
	Payments Received in Advance	8,997,534	4,559,320
	Retentions	6,005,148	2,824,571
	Unidentified Deposits	1,103,889	1,819,417
	Balance Previously Reported		1,820,373
	Correction of Error - refer to note 35.06		(957)
	Other Creditors	8,133,019	15,445,226
	Leave Accrual	1,568,349	919,050
	Staff Bonuses	9,024,405	8,521,296
	<b>Total Trade and Other Payables from Exchange Transactions</b>	<b>86,711,535</b>	<b>107,119,095</b>
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>		
	<i>The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the Municipality deals with. The Municipality has policies in place to ensure that all payables are paid within the credit timeframe.</i>		
	<b>Leave accrual</b>		
	Balance beginning of the period	919,050	1,784,168
	Contribution	649,300	-
	Reversal of Provision	-	(865,118)
	<b>Balance at the end of the period</b>	<b>1,568,349</b>	<b>919,050</b>
	<i>Provision for leave values due to employees is calculated in terms of the standard conditions of employment. The provision for leave is calculated on the cost to council, leave payouts are done on basic salary.</i>		
	<b>Staff Bonuses</b>		
	Balance beginning of the period	8,521,296	7,604,778
	Bonus Payments	(14,932,042)	(13,408,346)
	Contributions	15,435,151	14,324,864
	<b>Balance at the end of the period</b>	<b>9,024,405</b>	<b>8,521,296</b>
	<i>Provision for bonuses paid in November due to employees is calculated on a pro-rata basis from the 1st of December till the 30th of June based on the basic salary on which bonuses are paid.</i>		

<b>13</b>	<b>UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>13.1</b>	<b>Conditional Grants From Other Spheres of Government</b>	<b>25,617,415</b>	<b>30,908,013</b>
	Department of Economic Development and Tourism	1,754,092	-
	Department of Environmental Affairs	100,000	-
	Department of Water Affairs	-	4,344

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	Energy Efficiency and Demand Side Management Grant	1,054,715	1,870,938
	COGHSTA	-	1,631,081
	Other	50,000	65,973
	Municipal Demarcation Transition Grant	29,672	4,533,722
	Balance Previously Reported		4,568,028
	Correction of Error - refer to note 35.08		(34,306)
	Provincial Grants	1,875,700	4,000,000
	Bloodhound Funding	-	3,639
	Municipal Infrastructure Grant	7,813,615	6,907,150
	Municipal Systems Improvement Grant	1,055,000	-
	Integrated National Electrification Programme	-	8,101,918
	Water Service Infrastructure Grant	11,884,621	3,789,248
	<b>Total Unspent Conditional Grants and Receipts</b>	<b>25,617,415</b>	<b>30,908,013</b>
	<i>Refer to note 18 for reconciliation of grants from other spheres of government.</i>		
	<i>Due to the short term nature of these items, the carrying value approximated the fair value</i>		
<b>14</b>	<b>TAXES</b>		
	VAT (Receivable) / Payable	2,492,353	(1,084,531)
	Balance Previously Reported		(1,505,385)
	Correction of Error - refer to note 35.07		420,854
	<b>Total Taxes</b>	<b>2,492,353</b>	<b>(1,084,531)</b>
	<i>VAT is payable on the cash basis. Only once payment is received from debtors is VAT paid over to SARS and claimed from SARS when actual payment of creditors are done.</i>		
<b>15</b>	<b>BANK OVERDRAFT</b>		
	Cash Book Balance of Primary Bank Account - ABSA Bank Limited	20,509,457	-
	<b>Total Bank Overdraft</b>	<b>20,509,457</b>	<b>-</b>
	<b><u>Current Account (Primary Bank Account)</u></b>		
	<b><i>ABSA Bank Limited - Upington Branch: Account Number 22-4000-0051</i></b>		
	Cash Book Balance at Beginning of Period	18,317,731	846,816
	Cash Book Balance at End of Period	(20,509,457)	18,317,731
	Bank Statement Balance at Beginning of Period	17,415,660	7,688,190
	Bank Statement Balance at End of Period	3,848,494	17,415,660
	<i>The Municipality does not have any overdrawn current account facilities with its banker as at 30 June 2019.</i>		

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
<b>16</b>	<b>ACCUMULATED SURPLUS</b>		
	Accumulated surplus / (deficit)	2,070,243,788	1,968,983,596
	Balance Previously Reported		1,954,851,649
	Correction of Error - refer to note 35.09		14,131,947
	<b>Total Accumulated Surplus</b>	<b>2,070,243,788</b>	<b>1,968,983,596</b>
<b>17</b>	<b>PROPERTY RATES</b>		
	<b>General Rates</b>		
	Total Assessment Rates	110,463,817	103,597,458
	Less: Revenue Foregone	(11,240,104)	(10,260,229)
	Balance Previously Reported		(10,274,835)
	Correction of Error - refer to note 35.11		14,606
	<b>Total Property Rates</b>	<b>99,223,713</b>	<b>93,337,229</b>
	<b>Valuations</b>	<b>2019/06/30 R 000's</b>	<b>2018/06/30 R 000's</b>
	Residential & Commercial	6,134,589	6,132,736
	Agricultural	5,498,185	5,516,046
	State	608,780	610,180
	PSI	23,392	23,392
	Non Rateable	664,411	648,086
	<b>Total Property Valuations</b>	<b>12,929,357</b>	<b>12,930,440</b>
	<i>The valuations previously disclosed for 30 June 2018 was understated with R 12.837 million. The figures were corrected to ensure that the comparative figures are disclosed correctly.</i>		
	<i>The Section 12 Notice, per Provincial Gazette dated 25 July 2016, No. 2030 stated that:</i>		
	<i>..."The valuation rolls for the disestablished municipalities which cover the area of the municipality remain valid for the area covered by it until the municipality has prepared a combined comprehensive roll. Notwithstanding the provisions of any applicable law to the contrary and notwithstanding the disestablishment of the disestablished municipalities"...</i>		
	<i>Valuations on land and buildings are generally performed every four years, except where the MEC granted exemption for additional years. The general valuation came into effect on 1 July 2014. A general rate of R 0.023078 (2018: R 0.0116111) (//Khara Hais Local Municipality) and R 0.0107244 (2018: R 0.00993) (Mier Local Municipality) were applied to property valuations to determine assessment rates. Rates are levied on an annual or monthly basis on properties depending on the choice made by the property owner.</i>		
<b>18</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	Government Grants and Subsidies - Operating	96,097,312	86,798,809
	Balance Previously Reported		86,781,238
	Correction of Error - refer to note 35.12		17,571
	Government Grants and Subsidies - Capital	44,786,597	34,192,154
	<b>Total Government Grants and Subsidies</b>	<b>140,883,910</b>	<b>120,990,963</b>
	Equitable Share	77,934,000	70,769,000
	INEP	22,101,918	8,898,082
	Provincial	5,054,300	4,048,000
	Housing Subsidy	650,000	650,000
	MIG	18,641,536	12,816,369
	WSIG	1,904,627	3,210,752
	FMG	4,115,000	4,045,000
	Other Conditional Grants	-	49,204

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	EPWP - National Grant	-	1,249,411
	MTDG	4,159,050	11,965,083
	Balance Previously Reported		11,947,512
	Correction of Error - refer to note 35.12		17,571
	EEDSMG	3,816,223	3,129,062
	CoGHTA	1,631,081	161,000
	C-PAC	30,267	-
	Department of Economic Development	45,908	-
	DANKOCOM	800,000	-
	<b>Total Government Grants and Subsidies</b>	<b>140,883,910</b>	<b>120,990,963</b>
<b>18.01</b>	<b>Equitable Share</b>		
	<i>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from this grant.</i>		
<b>18.02</b>	<b>INEP Grant</b>		
	Balance unspent at beginning of year	8,101,918	-
	Current year receipts -	14,000,000	17,000,000
	Conditions met - transferred to revenue	(22,101,918)	(8,898,082)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>8,101,918</b>
	<i>This grant was used for electrical connections in previously disadvantaged areas.</i>		
<b>18.03</b>	<b>Provincial Grants</b>		
	Balance unspent at beginning of year	4,000,000	5,018,000
	Current year receipts	2,930,000	3,030,000
	Conditions met - transferred to revenue	(5,054,300)	(4,048,000)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>1,875,700</b>	<b>4,000,000</b>
	<i>The grant was utilised for the upgrading of library infrastructure and equipment, as well as operating expenditure.</i>		
<b>18.04</b>	<b>MIG</b>		
	Balance unspent at beginning of year	6,907,150	116,519
	Current year receipts	19,702,000	19,607,000
	Roll over not approved	(154,000)	-
	Conditions met - transferred to revenue	(18,641,536)	(12,816,369)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>7,813,615</b>	<b>6,907,150</b>
	<i>The Municipal infrastructure grant is utilised for the construction of infrastructure in terms of the conditions of the grant. .</i>		
	<i>R 4 950 000 of the total allocation of R 24 652 000 was withheld due to slow spending on the MIG Projects. Therefor only R 19 702 000 of the amount allocated in the DoRA was received. A further R 154 000 of the roll over applied for was not approved.</i>		
<b>18.05</b>	<b>Housing</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	650,000	650,000
	Conditions met - transferred to revenue	(650,000)	(650,000)
	<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>
	<i>The Housing Grant is allocated to municipalities to provide the housing function on behalf of Provincial Government.</i>		
<b>18.06</b>	<b>WSIG</b>		
	Balance unspent at beginning of year	3,789,248	-
	Current year receipts	10,000,000	7,000,000
	Conditions met - transferred to revenue	(1,904,627)	(3,210,752)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>11,884,621</b>	<b>3,789,248</b>

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	<i>The Water Services Infrastructure Grant facilitates the planning and implementation of various water and on-site sanitation projects to accelerate backlog reduction and enhance sustainability of services.</i>		
<b>18.07</b>	<b>FMG</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	4,115,000	4,045,000
	Conditions met - transferred to revenue	(4,115,000)	(4,045,000)
	<b>Conditions still to be met</b>	<b>-</b>	<b>-</b>
	<i>The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).</i>		
<b>18.08</b>	<b>Other</b>		
	Balance unspent at beginning of year	69,612	108,816
	Current year receipts	-	10,000
	Other transfers	(19,612)	-
	Conditions met - transferred to revenue	-	(49,204)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>50,000</b>	<b>69,612</b>
	<i>Various grants received from different spheres (e.g. Lotto)</i>		
<b>18.09</b>	<b>EPWP - National</b>		
	Balance unspent at beginning of year	-	88,411
	Current year receipts	-	1,161,000
	Conditions met - transferred to revenue	-	(1,249,411)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
	<i>The Expanded Public Works Programme Grant was allocated to the Municipality for the installation of water meters.</i>		
<b>18.10</b>	<b>DWA</b>		
	Balance unspent at beginning of year	4,344	4,344
	Other transfers	(4,344)	-
	<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>4,344</b>
	<i>The grant was used for capital expenditure in water reticulation and production.</i>		
<b>18.11</b>	<b>EEDSMG</b>		
	Balance unspent at beginning of year	1,870,938	-
	Current year receipts	3,000,000	5,000,000
	Conditions met - transferred to revenue	(3,816,223)	(3,129,062)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>1,054,715</b>	<b>1,870,938</b>
	<i>To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure, in order to reduce electricity consumption and improve energy efficiency.</i>		
<b>18.12</b>	<b>CoGHTA</b>		
	Balance unspent at beginning of year	1,631,081	1,792,081
	Conditions met - transferred to revenue	(1,631,081)	(161,000)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>1,631,081</b>
	<i>To provide funding for the creation of sustainable and integrated human settlements.</i>		
<b>18.13</b>	<b>Municipal Demarcation Transition Grant</b>		
	Balance unspent at beginning of year	4,533,722	11,933,805
	Balance Previously Reported		11,950,540
	Correction of Error - refer to note 35.12		(16,735)

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	Current year receipts	-	4,565,000
	Roll over not approved	(345,000)	-
	Conditions met - transferred to revenue	(4,159,050)	(11,965,083)
	Balance Previously Reported		(11,947,512)
	Correction of Error - refer to note 35.12		(17,571)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>29,672</b>	<b>4,533,722</b>
	<i>A grant was received by National Treasury to cover costs which arise from the merger of //Khara Hais Municipality and Mier Municipality.</i>		
<b>18.14</b>	<b>Municipal Systems Improvement Grant</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	1,055,000	-
	<b>Conditions still to be met - transferred to liabilities</b>	<b>1,055,000</b>	<b>-</b>
	<i>The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems.</i>		
<b>18.15</b>	<b>Department of Economic Development and Tourism</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	1,800,000	-
	Conditions met - transferred to revenue	(45,908)	-
	<b>Conditions still to be met - transferred to liabilities</b>	<b>1,754,092</b>	<b>-</b>
	<i>The grant is utilised for the construction of infrastructure in terms of the conditions of the grant.</i>		
<b>18.16</b>	<b>Department of Environmental Affairs</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	100,000	-
	<b>Conditions still to be met - transferred to liabilities</b>	<b>100,000</b>	<b>-</b>
	<i>The grant is utilised for awareness to promote a cleaner town.</i>		
<b>18.17</b>	<b>Dankocom</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	800,000	-
	Conditions met - transferred to revenue	(800,000)	-
	<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
	<i>Funding received for four reservoirs.</i>		
<b>18.18</b>	<b>C-PAC</b>		
	Balance unspent at beginning of year	-	-
	Current year receipts	30,267	-
	Conditions met - transferred to revenue	(30,267)	-
	<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
	<i>Funding received for a container.</i>		

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
<b>19</b>	<b>FINES, PENALTIES AND FORFEITS</b>		
	Fines	6,583,282	7,092,704
	Court Traffic Fines	37,264	-
	Illegal Connections	70,309	67,760
	Law Enforcement Fines	-	2,845
	Municipal Traffic Fines	6,467,572	7,015,131
	Overdue Books Fines	8,137	6,968
	Forfeits	1,491,798	184,872
	<b>Total Fines, Penalties and Forfeits</b>	<b>8,075,081</b>	<b>7,277,576</b>
<b>20</b>	<b>OPERATIONAL REVENUE</b>		
	Administrative Handling Fees	53,585	206,763
	Bad Debts Recovered	1,126	-
	Breakages and Losses Recovered	1,474	86,218
	Commission	757,922	688,429
	Discounts and Early Payments	45,288	1,770,671
	Incidental Cash Surpluses	2,845	29,418
	Inspection Fees	50,258	32,966
	Insurance Refund	160,042	445,085
	Recovery of Infrastructure Maintenance	84,181	85,299
	Registration Fees	2,219	21,683
	Request for Information	24,741	72,914
	Skills Development Levy Refund	497,673	195,261
	Staff Recoveries	8,410	3,169
	<b>Total Operational Revenue</b>	<b>1,689,764</b>	<b>3,637,876</b>
<b>21</b>	<b>RENTAL FROM FIXED ASSETS</b>		
	Investment Property	4,866,381	4,102,271
	Property, Plant and Equipment	2,837,349	4,616,462
	<b>Total Rental from Fixed Assets</b>	<b>7,703,730</b>	<b>8,718,732</b>
<b>22</b>	<b>SALE OF GOODS AND RENDERING OF SERVICES</b>		
	Academic Services	1,260	-
	Administrative Handling Fees	106,172	59,837
	Advertisements	-	123,009
	Application Fees for Land Usage	122,470	84,182
	Building Plan Approval	841,774	861,814
	Balance Previously Reported		862,375
	Correction of Error - refer to note 35.14		(561)
	Camping Fees	195,312	39,844
	Cemetery and Burial	209,631	205,009
	Clearance Certificates	95,604	51,817
	Development Charges	-	1,602,402
	Encroachment Fees	62,359	61,247
	Entrance Fees	1,070,410	328,044
	Escort Fees	5,070	-
	Exempted Parking	3,523	4,149
	Fire Services	29,048	192,784
	Library Fees	2,041	14,818
	Occupation Certificates	13,347	6,184
	Parking Fees	41,624	28,821
	Photocopies and Faxes	36,134	126,752
	Publications	243	155
	Sale of Consumables	203,110	29,669
	Sale of Goods	327	321
	Stone and Gravel	90,604	39,625

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	Sub-Division and Consolidation Fees	18,392	115,318
	Town Planning and Servitudes	4,568,454	3,694,051
	Traffic Control	16,119	184,475
	Water Meter Protectors	-	1,925
	<b>Total Sale of Goods and Rendering of Services</b>	<b>7,733,027</b>	<b>7,856,255</b>
	<i>The amounts disclosed above for Operational Revenue and Sale of Goods and Redering of Services are in respect of services, other than described in notes 17 and 23, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.</i>		
<b>23</b>	<b>SERVICE CHARGES</b>		
	Sale of Electricity	279,023,481	257,122,328
	Prepaid Electricity Sales	96,664,767	86,118,689
	Other Electricity Sales	1,735,846	1,301,134
	Metered Electricity Sales	186,036,778	174,862,308
	Cost of Free Basic Services - Indigents	(5,413,911)	(5,159,803)
	Total Sale of Water	61,741,509	54,414,228
	Metered Water Sales	58,585,753	53,666,526
	Prepaid Water Sales	2,875,702	1,229,984
	Other Water Sales	4,804,883	2,668,991
	Cost of Free Basic Services - Indigents	(4,524,829)	(3,151,273)
	Balance Previously Reported		(3,157,183)
	Correction of Error - refer to note 35.13		5,910
	Total Refuse Removal	32,843,284	26,604,969
	Refuse Removal	43,455,685	34,443,875
	Cost of Free Basic Services - Indigents	(10,612,402)	(7,838,905)
	Balance Previously Reported		(7,864,191)
	Correction of Error - refer to note 35.13		25,285
	Total Sewerage and Sanitation Charges	36,718,688	33,602,624
	Sewerage and Sanitation Charges	46,256,793	41,643,353
	Cost of Free Basic Services - Indigents	(9,569,856)	(8,040,729)
	Balance Previously Reported		(8,066,111)
	Correction of Error - refer to note 35.13		25,383
	<b>Total Service Charges</b>	<b>410,326,961</b>	<b>371,744,149</b>
	<i>The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.</i>		
<b>24</b>	<b>LICENCES AND PERMITS</b>		
	Market Porters	127,693	12,311
	Road and Transport Licences	936,355	1,568,143
	Trading Licences	240	586
	<b>Total Licences and Permits</b>	<b>1,064,288</b>	<b>1,581,041</b>
<b>25</b>	<b>BULK PURCHASES</b>		
	Electricity	185,320,012	173,017,431
	Water	6,212,160	3,894,924
	<b>Total Bulk Purchases</b>	<b>191,532,172</b>	<b>176,912,356</b>
	<i>Bulk purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from DWAF and other local suppliers.</i>		



**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
<b>26</b>	<b>CONTRACTED SERVICES</b>		
	Artists and Performers	129,019	59,737
	Business and Advisory	103,718	136,246
	Business and Financial Management	2,124,961	2,083,264
	Catering Services	243,738	229,992
	Civil Engineering	78,837	234,979
	Clearing and Grass Cutting Services	29,926	-
	Contractors	7,950	3,000
	Employee Wellness	76,400	-
	Event Promoters	43,000	29,995
	Fire Protection Services	-	3,233
	Inspection Fees	-	289
	Laboratory Services	1,168,517	1,153,654
	Land and Quantity Surveyors	1,451,954	169,365
	Legal Cost	1,069,174	1,517,169
	Litter Picking and Street Cleaning	538,440	293,649
	Maintenance of Buildings and Facilities	328,472	414,280
	Maintenance of Community Assets	154,553	94,215
	Maintenance of Infrastructure Assets	2,494,470	1,074,735
	Maintenance of Intangible Assets	475,130	471,511
	Maintenance of Other Assets	5,733,230	2,417,877
	Medical Examinations	81,538	221,473
	Pest Control and Fumigation	-	-
	Qualification Verification	45,692	8,281
	Refuse Removal Contractors	427,617	389,000
	Research and Advisory	-	250,000
	Security Services	753,385	585,872
	Sewerage Services	219,450	-
	Stage and Sound Crew	183,500	168,000
	Town Planners	-	2,900,610
	Tracing Agents and Debt Collectors	216,415	152,473
	Transport Services	-	15,800
	Valuer and Assessors	271,461	266,379
	Water Takers	320,130	-
	<b>Total Contracted Services</b>	<b>18,777,728</b>	<b>15,345,077</b>
<b>27</b>	<b>DEPRECIATION AND AMORTISATION</b>		
	Depreciation on PPE	91,399,086	99,713,069
	Balance Previously Reported		103,576,401
	Correction of Error - refer to note 35.16		(3,863,332)
	Amortisation on Intangible Assets	426,794	304,960
	<b>Total Depreciation and Asset Impairment</b>	<b>91,825,880</b>	<b>100,018,029</b>
<b>28</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Employee Related Costs - Salaries and Wages	191,792,783	178,087,563
	Housing Benefits	1,812,305	1,986,369
	Medical Aid Contributions	14,395,743	13,583,355
	Other Benefits and Allowances	9,435,473	7,820,806
	Overtime Payments	18,884,597	19,865,198
	Payments in Lieu of Leave	-	4,796,519
	Pension Fund and UIF Contributions	36,315,309	33,499,079
	Performance Bonus	803,717	1,066,858
	Post Retirement Benefit	20,513,736	24,327,860
	Skills Development Levy	2,335,720	2,224,519
	Staff Bonuses	15,435,151	14,324,864
	Travel Allowance	4,169,743	4,161,450
	Less: Employee Costs Capitalised	(12,772)	(117,252)
	<b>Total Employee Related Costs</b>	<b>315,881,506</b>	<b>305,627,187</b>

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
<b>28.01</b>	<b>Remuneration of the Municipal Manager: D Ngxanga</b>		
	Performance Bonuses	-	217,591
	<b>Total</b>	<b>-</b>	<b>217,591</b>
	<i>The Municipal Manager resigned on 17 May 2017. The Director: Civil Engineering Services were appointed as Acting Municipal Manager till 30 June 2017. To date, no acting allowance was paid to the acting Municipal Manager for that period.</i>		
<b>28.02</b>	<b>Remuneration of the Municipal Manager: E Ntoba</b>		
	Annual Remuneration	1,255,687	1,191,452
	Car Allowance	241,200	228,744
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	18,705	15,798
	Performance Bonuses	184,625	-
	<b>Total</b>	<b>1,700,217</b>	<b>1,435,994</b>
	<i>The Municipal Manager was appointed on the 1<sup>st</sup> of July 2017.</i>		
<b>28.03</b>	<b>Remuneration of Chief Financial Officer: G M Schreiner</b>		
	Annual Remuneration	990,835	931,152
	Car Allowance	201,120	201,111
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	211,556	199,716
	Performance Bonuses	158,092	157,763
	<b>Total</b>	<b>1,561,603</b>	<b>1,489,741</b>
<b>28.04</b>	<b>Remuneration of the Director Electro Mechanical Services: H A Auret</b>		
	Performance Bonuses	-	157,763
	<b>Total</b>	<b>-</b>	<b>157,763</b>
	<i>The Director: Electro Mechanical Services (H A Auret) has retired as at 30 June 2017.</i>		
<b>28.05</b>	<b>Remuneration of the Director Electro Mechanical Services: A J Snyders</b>		
	Annual Remuneration	1,098,325	907,351
	Car Allowance	72,000	72,000
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	64,247	26,336
	Leave Gratuity	-	12,248
	Performance Bonuses	45,695	-
	<b>Total</b>	<b>1,280,267</b>	<b>1,017,934</b>
	<i>The Director: Electro Mechanical Services (A B Snyders) was acting from the 1<sup>st</sup> of July 2017 - 31<sup>st</sup> of January 2018. He was permanently appointed on the 1<sup>st</sup> of February 2018.</i>		

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
<b>28.06</b>	<b>Remuneration of the Director Corporate Services: C M Newman</b>		
	Annual Remuneration	974,009	916,336
	Car Allowance	199,200	199,076
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	230,995	216,453
	Performance Bonuses	158,092	157,763
	<b>Total</b>	<b>1,562,296</b>	<b>1,489,628</b>
<b>28.07</b>	<b>Remuneration of the Director Development Services: M G Bovu</b>		
	Annual Remuneration	1,186,331	1,115,184
	Car Allowance	202,248	202,253
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	17,356	15,675
	Performance Bonuses	158,092	157,763
	<b>Total</b>	<b>1,564,027</b>	<b>1,490,875</b>
<b>28.08</b>	<b>Remuneration of the Director Civil Engineering Services: J E Kock</b>		
	Annual Remuneration	201,573	1,209,437
	Car Allowance	18,000	108,000
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	2,704	16,492
	Performance Bonuses	-	157,763
	<b>Total</b>	<b>222,277</b>	<b>1,491,692</b>
	<i>The Director: Civil Services (J E Kock) resigned on the 3<sup>rd</sup> of August 2018 with his last working day being the 31<sup>st</sup> of August 2018.</i>		
<b>28.09</b>	<b>Remuneration of the Acting Director Civil Engineering Services: M C Links</b>		
	Annual Remuneration	218,215	-
	Contributions to Pension, Group Life & Medical Aid	4,968	-
	<b>Total</b>	<b>223,183</b>	<b>-</b>
	<i>Mr M C Links was appointed as acting Director: Civil Engineering Services from 1 January 2019 - 31 March 2019. The position is still vacant.</i>		
<b>28.10</b>	<b>Remuneration of the Director Development and Planning Services: P Viviers</b>		
	Annual Remuneration	-	239,984
	Car Allowance	-	10,040
	Contributions to Pension, Group Life & Medical Aid		
	Funds and Other Contributions	-	58,046
	Performance Bonuses	-	157,763
	<b>Total</b>	<b>-</b>	<b>465,833</b>
	<i>Director: Planning and Development Services retired on the 30<sup>th</sup> of September 2017.</i>		

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
28.11	<b>Remuneration of the Acting Director Development and Planning: S Nxazonke</b>		
	Annual Remuneration	207,033	-
	Contributions to Pension, Group Life & Medical Aid Funds and Other Contributions	5,026	-
	<b>Total</b>	<b>212,059</b>	<b>-</b>
	<i>Mr S Nxazonke was appointed as acting Director: Development and Planning Services from 1 October 2018 - 31 December 2018. The position is still vacant.</i>		
	<i>Performance bonuses for the 2017/2018 financial year were paid. Performance bonuses for 2018/2019 financial year is provided as set out in note 11</i>		
29	<b>FINANCE COSTS</b>		
	Bank Overdraft	-	-
	Borrowings	12,300,753	12,017,102
	Overdue Accounts	7,406	2,117
	<b>Total Finance Costs</b>	<b>12,308,159</b>	<b>12,019,218</b>
30	<b>INVENTORY CONSUMED</b>		
	Consumables	17,215,339	16,143,917
	Balance Previously Reported		16,172,958
	Correction of Error - refer to note 35.17		(29,040)
	Finished Goods	-	-
	Materials and Supplies	7,186,955	9,438,985
	Balance Previously Reported		9,503,619
	Correction of Error - refer to note 35.17		(64,635)
	<b>Total Inventory Consumed</b>	<b>24,402,293</b>	<b>25,582,902</b>
31	<b>REMUNERATION OF COUNCILLORS</b>		
	Executive Mayor	864,217	867,214
	Speaker	708,739	701,929
	Executive Committee Members	2,375,060	2,319,438
	Councillors	7,242,356	6,944,838
	<b>Total Councillors' Remuneration</b>	<b>11,190,372</b>	<b>10,833,419</b>
	<b>In-kind Benefits</b>		
	<i>The Mayor and Speaker are full-time councillors. Each is provided with an office and secretarial support at the cost of the Council.</i>		
	<i>The Mayor has use of a Council owned vehicle for official duties.</i>		
	<i>All Councillors were provided with a Council laptop and 3G Modem.</i>		
	<i>Refer to Appendix F for more detail.</i>		
32	<b>OPERATIONAL COST</b>		
	Achievements and Awards	-	36,621
	Advertising, Publicity and Marketing	403,599	361,810
	Assets less than the Capitalisation Threshold	154,623	667,672
	Bank Charges, Facility and Card Fees	1,502,937	1,348,640
	Bursaries (Employees)	39,700	-
	Cleaning Services	592	547
	Commission	4,852,061	4,230,535
	Communication	4,291,115	4,614,193
	Courier and Delivery Services	5,338	17,371

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	Drivers Licences and Permits	26,205	16,821
	Entertainment	72,426	41,592
	External Audit Fees	4,794,541	4,897,288
	External Computer Service	3,210,041	3,678,095
	Balance Previously Reported		2,678,323
	Correction of Error - refer to note 35.17		999,772
	Hire Charges	2,195,034	442,820
	Insurance Underwriting	1,539,145	1,779,268
	Levies Paid - Water Resource Management Charges	68,056	179,141
	Licences	779,762	626,954
	Management Fee	8,739	8,255
	Municipal Services	1,505,197	1,454,467
	Personnel Agency Fees	-	9,225
	Printing, Publications and Books	273,715	565,715
	Professional Bodies, Membership and Subscription	4,046,089	2,891,399
	Remuneration to Ward Committees	509,265	484,246
	Road and Transport	-	228
	Road Worthy Test	-	2,368
	Seminars, Conferences, Workshops and Events	513,727	634,596
	Signage	20,578	21,576.08
	Balance Previously Reported		9,071
	Correction of Error - refer to note 35.17		12,505
	Small Differences Tolerances	5,379	-
	Supplier Development Programme	30,528	-
	System Access and Information Fees	103,366	344,084
	Transport Provided as Part of Departmental Activities	197,800	70,800
	Travel and Subsistence	2,409,126	2,718,735
	Travel Agency and Visa's	13,234	-
	Uniform and Protective Clothing	1,004,933	1,012,585
	Vehicle Tracking	304,558	483,643
	Wet Fuel	3,498	-
	<b>Total Operational Cost</b>	<b>34,884,908</b>	<b>33,641,290</b>
<b>33</b>	<b>TRANSFERS AND SUBSIDIES</b>		
	Social Relief	50,550	437,652
	Grand in Aid	174,540	94,545
	Poverty Relief	561,028	171,957
	Matric Support	-	25,000
	Learning, Training and Support Material	22,600	-
	Sport and Recreational Events	26,550	-
	Sport Councils	300,000	200,000
	<b>Total Transfers and Subsidies</b>	<b>1,135,268</b>	<b>929,155</b>
	<i>The Executive Mayor makes donations available on own discretion.</i>		
<b>34</b>	<b>RECONCILIATION BETWEEN NET SURPLUS / (DEFICIT) FOR THE YEAR AND CASH GENERATED / (ABSORBED) BY OPERATIONS</b>		
<b>34.1</b>	<b>CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
	Surplus / (Deficit) for the year	101,260,192	(36,822,380)
	<u>Adjustments for:</u>		
	Depreciation on Property, Plant and Equipment	91,399,086	99,713,069
	Amortisation of Intangible Assets	426,794	304,960
	Reversal of Impairment Loss / (Impairment Loss) on Assets	6,068	208,576
	Gains / (Loss) on Sale of Fixed Assets	1,406,772	6,949,757
	Actuarial Gain	(2,369,016)	(22,680,636)
	Profit / (Loss) on Fair Value Adjustments	(136,154,776)	(22,584,861)
	Reversal of Impairment Loss / (Impairment Loss) on Receivables	10,684,930	18,255,793
	Inventories: (Write-Down) / Reversal of Write-Down to Net Realisable Value	370,972	9,347
	Contribution leave provision	3,288,305	5,629,809
	Contribution leave provision - expenditure incurred	(712,003)	(701,143)
	Contribution from/to Post Retirement Medical Benefits	14,104,988	21,784,500

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	Contribution from/to Long-Service Awards	2,593,407	2,543,360
	Contribution from/to Post Retirement Medical Benefits - expenditure incurred	(2,913,612)	(2,780,755)
	Contribution from/to Long-Service Awards - expenditure incurred	(2,427,788)	(1,580,135)
	Contribution from/to Performance Bonus	803,708	1,066,858
	Contribution from/to Performance Bonus - expenditure incurred	(914,083)	(1,164,169)
	Operating Surplus/(Deficit) before changes in working capital	80,853,945	68,151,951
	Changes in working capital	(47,236,706)	17,667,283
	(Decrease) / Increase in Trade and Other Payables from Exchange Transactions	(20,407,560)	24,722,103
	(Decrease) / Increase in Unspent Conditional Government Grants and Receipts	(5,290,599)	11,846,037
	Increase / (Decrease) in Taxes	3,576,884	(5,077,656)
	(Increase) / Decrease in Inventory	(5,050,011)	3,962,041
	(Increase) in Operating Lease Asset	(16,973)	(41,502)
	(Increase) in Trade Receivables from Exchange and Non-Exchange Transactions	(20,048,448)	(17,743,739)
	<b>Cash generated/(absorbed) by operations</b>	<b>33,617,239</b>	<b>85,819,235</b>

<b>34.2</b>	<b>CASH &amp; CASH EQUIVALENTS</b>		
	Cash & Cash Equivalents	50,309,985	76,582,442
	Bank Overdraft	(20,509,457)	-
	<b>Total Cash &amp; Cash Equivalents</b>	<b>29,800,528</b>	<b>76,582,442</b>

<b>35</b>	<b>CORRECTION OF ERROR</b>		
	<b>DETAILS OF CORRECTION OF ERRORS</b>		
<b>35.01</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	<b>Amount previously Stated</b>		<b>1,671,252,288</b>
	Correction of operational costs incorrectly disclosed as cost of assets - 30/06/2017 - refer to note 1.1		(2,171,991)
	Correction of costs of assets previously disclosed as operational costs - 30/06/2017 - refer to note 1.1		152,062
	Correction of costs of assets previously disposed - 30/06/2017 - refer to note 1.1		(36,019)
	Correction of costs of assets previously overstated - 30/06/2017 - refer to note 1.1		(1,739,601)
	Correction of costs of Quarries and Landfill Sites in Infrastructure previously overstated - 30/06/2017 - refer to note 1.1		(5,004,005)
	Correction of Accumulated Depreciation of Quarries and Landfill Sites in Infrastructure previously overstated - 30/06/2017 - refer to note 1.1		5,584,763
	Correction of Accumulated Depreciated previously overstated on Other Assets - 30/06/2017 - refer to note 1.1		15,047,833
	Correction of Accumulated Depreciated not previously recognised - 30/06/2018 - refer to note 1.1		(42,195)
	Correction of Accumulated Depreciated previously overstated on PPE - 30/06/2018 - refer to note 1.1		3,905,527
	Correction cost of assets previously incorrectly disclosed as operational costs - 30/06/2018 - refer to note 1.1		124,120
	Correction of operational costs incorrectly disclosed as cost of assets - 30/06/2018 - refer to note 1.1		(1,025,150)
	Correction of Other Assets previously overstated on disposed assets - 30/06/2018 - refer to note 1.1		(159,234)
	<b>Restated Balance</b>		<b>1,685,888,398</b>

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
<b>35.02</b>	<b>INVESTMENT PROPERTY</b>		
	<b>Amount previously Stated</b>		616,647,064
	Correction of even incorrectly recognised - 30/06/2017 - refer to note 1.3		(3,703,260)
	Correction of Fair Value Adjustment previously understated - 30/06/2018 - refer to note 1.3		265,894
	<b>Restated Balance</b>		<b>613,209,698</b>
<b>35.03</b>	<b>TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	<b>Amount previously Stated</b>		61,326,811
	Correction of Exchange Debtors previously understated as per exception 23 - 30/06/2017 - refer to note 4		54,992
	Correction of Exchange Debtors previously understated as per exception 23 - 30/06/2018 - refer to note 4		64,601
	Correction of Provision on Bad Debt for Non-Exchange Debtors previously understated as per exception 23 - 30/06/2018 - refer to note 4		(54,992)
	<b>Restated Balance</b>		<b>61,391,412.08</b>
<b>35.04</b>	<b>TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
	<b>Amount previously Stated</b>		12,320,680
	Correction of Sundry Debtors previously overstated - 30/06/2017 - refer to note 4		(35,173)
	Correction of Non-Exchange Debtors previously understated as per exception 23 - 30/06/2017 - refer to note 4		12,683
	Correction of Non-Exchange Debtors previously understated as per exception 23 - 30/06/2018 - refer to note 4		14,606
	Correction of Provision on Bad Debt for Exchange Debtors previously understated as per exception 23 - 30/06/2018 - refer to note 4		(12,683)
	<b>Restated Balance</b>		<b>12,300,112</b>
<b>35.05</b>	<b>CONSUMER DEPOSITS</b>		
	<b>Amount previously Stated</b>		11,469,143
	Correction of Builders' Deposits incorrectly recognised against building plan approval fees - 30/06/2017 - refer to note 10		4,560
	Correction of Builders' Deposits incorrectly recognised against building plan approval fees - 30/06/2018 - refer to note 10		645
	<b>Restated Balance</b>		<b>11,474,348</b>
<b>35.06</b>	<b>TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	<b>Amount previously Stated</b>		110,400,017
	Correction of overstatement of Cape Town Community Housing Company - 30/06/2017 - refer to note 12		(3,314,271)
	Correction of understatement of SALGA - 30/06/2017 - refer to note 12		16,735
	Correction of understatement of SALGA - 30/06/2018 - refer to note 12		17,571
	Correction of unidentified deposits overstated - 30/06/2017 - refer to note 12		(957)
	<b>Restated Balance</b>		<b>107,119,095</b>

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
<b>35.07</b>	<b>TAXES</b>		
	<b>Amount previously Stated</b>		<b>(1,505,385)</b>
	Correction of Builders' Deposits' incorrectly recognised against building plan approval fees - 30/06/2017 - refer to note 14		(700)
	Correction of overstatement of Cape Town Community Housing Company - 30/06/2017 - refer to note 14		407,016
	Correction of VAT on unidentified deposits overstated - 30/06/2017 - refer to note 14		(143)
	Correction of VAT on Trade Receivables from Exchange Transactions overstated per exception 23 - 30/06/2017 - refer to note 14		6,742
	Correction of Builders' Deposits' incorrectly recognised against building plan approval fees - 30/06/2018 - refer to note 14		(84)
	Correction of VAT on Trade Receivables from Exchange Transactions overstated per exception 23 - 30/06/2018 - refer to note 14		8,023
	<b>Restated Balance</b>		<b>(1,084,531)</b>
<b>35.08</b>	<b>UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
	<b>Amount previously Stated</b>		<b>30,942,319</b>
	Grant expenditure was not previously recognised against the MDTG grant - 30/06/2017 - refer to note 13.1		(16,735)
	Grant expenditure was not previously recognised against the MDTG grant - 30/06/2018 - refer to note 13.1		(17,571)
	<b>Restated Balance</b>		<b>30,908,013</b>
<b>35.09</b>	<b>ACCUMULATED SURPLUS / (DEFICIT)</b>		
	<b>Amount previously Stated</b>		<b>1,954,851,649</b>
	Correction of Builders' Deposits incorrectly recognised against building plan approval fees - 30/06/2017 - refer to note 35.06		(3,860)
	Correction of overstatement of Cape Town Community Housing Company - 30/06/2017 - refer to note 35.06		2,907,256
	Correction of operational costs incorrectly disclosed as cost of assets - 30/06/2017 - refer to note 35.01		(2,171,991)
	Correction of costs of assets previously disclosed as operational costs - 30/06/2017 - refer to note 35.01		152,062
	Correction of understatement of SALGA - 30/06/2017 - refer to note 35.06		(16,735)
	Correction of understatement of SALGA - 30/06/2018 - refer to note 35.06		(17,571)
	Grant expenditure was not previously recognised against the MDTG grant - 30/06/2017 - refer to note 35.08		16,735
	Grant expenditure was not previously recognised against the MDTG grant - 30/06/2018 - refer to note 35.08		17,571
	Correction of Sundry Debtors previously overstated - 30/06/2017 - refer to note 35.04		(34,073)
	Correction of Accumulated Depreciated not previously recognised - 30/06/2018 - refer to note 35.01		(42,195)
	Correction of operational costs incorrectly disclosed as cost of assets - 30/06/2018 - refer to note 35.01		124,120
	Correction of Builders' Deposits incorrectly recognised against building plan approval fees - 30/06/2018 - refer to note 35.05		(561)
	Correction of operational costs incorrectly disclosed as cost of assets - 30/06/2018 - refer to note 35.01		(1,025,150)
	Correction of Accumulated Depreciated previously overstated on Other Assets - 30/06/2017 - refer to note 35.01		15,047,833
	Correction of Accumulated Depreciated previously overstated on PPE - 30/06/2018 - refer to note 35.01		3,905,527



**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	Correction of costs of assets previously disposed - 30/06/2017 - refer to note 35.01		(36,019)
	Correction of costs of assets previously overstated - 30/06/2017 - refer to note 35.01		(1,739,601)
	Correction of costs of Quarries and Landfill Sites in Infrastructure previously overstated - 30/06/2017 - refer to note 35.01		(5,004,005)
	Correction of Accumulated Depreciation of Quarries and Landfill Sites in Infrastructure previously overstated - 30/06/2017 - refer to note 35.01		5,584,763
	Correction of Other Assets previously overstated on disposed assets - 30/06/2018 - refer to note 35.01		(159,234)
	Correction of even incorrectly recognised - 30/06/2017 - refer to note 35.02		(3,703,260)
	Correction of Fair Value Adjustment previously understated - 30/06/2018 - refer to note 35.02		265,894
	Correction of Accumulated Surplus previously understated as per exception 23 - 30/06/2017 - refer to note 4		60,933
	Correction of Service Charges and Property Rates previously understated as per exception 23 - 30/06/2018 - refer to note 4		71,183
	Correction of Provision on Bad Debt for Exchange and Non-Exchange Debtors previously understated as per exception 23 - 30/06/2018 - refer to note 4		(67,675)
	<b>Restated Balance</b>		<b>1,968,983,596</b>
<b>35.10</b>	<b>STATEMENT OF FINANCIAL PERFORMANCE</b>		
	<b>Amount previously Stated</b>		<b>(39,894,288)</b>
	Correction of understatement of SALGA - 30/06/2018 - refer to note 35.09		(17,571)
	Grant expenditure was not previously recognised against the MDTG grant - 30/06/2018 - refer to note 35.09		17,571
	Correction of Accumulated Depreciated not previously recognised - 30/06/2018 - refer to note 35.09		(42,195)
	Correction of operational costs incorrectly disclosed as cost of assets - 30/06/2018 - refer to note 35.09		124,120
	Correction of Builders' Deposits incorrectly recognised against building plan approval fees - 30/06/2018 - refer to note 35.09		(561)
	Correction of operational costs incorrectly disclosed as cost of assets - 30/06/2018 - refer to note 35.09		(1,025,150)
	Correction of Accumulated Depreciated previously overstated on PPE - 30/06/2018 - refer to note 35.09		3,905,527
	Correction of Other Assets previously overstated on disposed assets - 30/06/2018 - refer to note 35.09		(159,234)
	Correction of Fair Value Adjustment previously understated - 30/06/2018 - refer to note 35.09		265,894
	Correction of Service Charges and Property Rates previously understated as per exception 23 - 30/06/2018 - refer to note 35.09		71,183
	Correction of Provision on Bad Debt for Exchange and Non-Exchange Debtors previously understated as per exception 23 - 30/06/2018 - refer to note 35.09		(67,675)
	<b>Restated Balance</b>		<b>(36,822,380)</b>
<b>35.11</b>	<b>PROPERTY RATES</b>		
	<b>Amount previously Stated</b>		<b>93,322,624</b>
	Correction of Property Rates previously understated as per exception 23 - 30/06/2018 - refer to note 17		14,606
	<b>Restated Balance</b>		<b>93,337,229</b>
<b>35.12</b>	<b>GOVERNMENT GRANTS AND SUBSIDIES</b>		
	<b>Amount previously Stated</b>		<b>120,973,392</b>
	Grant expenditure was not previously recognised against the MDTG grant - refer to note 18		17,571
	<b>Restated Balance</b>		<b>120,990,963</b>

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
35.13	<b>SERVICE CHARGES</b>		
	<b>Amount previously Stated</b>		<b>371,687,572</b>
	Correction of Service Charges previously understated as per exception 23 - 30/06/2018 - refer to note 23		56,578
	<b>Restated Balance</b>		<b>371,744,149</b>
35.14	<b>SALE OF GOODS AND RENDERING OF SERVICES</b>		
	<b>Amount previously Stated</b>		<b>7,856,816</b>
	Correction of Builders' Deposits incorrectly recognised against building plan approval fees - 30/06/2018 - refer to note 22		(561)
	<b>Restated Balance</b>		<b>7,856,255</b>
35.15	<b>INVENTORY CONSUMED</b>		
	<b>Amount previously Stated</b>		<b>25,676,577</b>
	Correction of operational costs incorrectly disclosed as cost of assets - 30/06/2018 - refer to note 30		(124,120)
	Correction of operational costs incorrectly disclosed as cost of assets - 30/06/2018 - refer to note 30		30,445
	<b>Restated Balance</b>		<b>25,582,902</b>
35.16	<b>DEPRECIATION AND AMORITISATION</b>		
	<b>Amount previously Stated</b>		<b>103,881,361</b>
	Correction of Accumulated Depreciated not previously recognised - 30/06/2018 - refer to note 27		42,195
	Correction of Accumulated Depreciated previously overstated on Other Assets - 30/06/2018 - refer to note 27		(3,905,527)
	<b>Restated Balance</b>		<b>100,018,029</b>
35.17	<b>OPERATIONAL COST</b>		
	<b>Amount previously Stated</b>		<b>32,629,013</b>
	Correction of understatement of SALGA - 30/06/2018 - refer to note 32		17,571
	Correction of signage incorrectly disclosed as assets - 30/06/2018 - refer to note 32		12,505
	Correction of external computer service incorrectly disclosed as assets - 30/06/2018 - refer to note 32		982,201
	<b>Restated Balance</b>		<b>33,641,290</b>
35.18	<b>REVERSAL OF IMPAIRMENT LOSS / (IMPAIRMENT LOSS) ON RECEIVABLES</b>		
	<b>Amount previously Stated</b>		<b>18,188,118</b>
	Correction of Provision on Bad Debt for Exchange and Non-Exchange Debtors previously understated as per exception 23 - 30/06/2018 - refer to note 35.1		67,675
	<b>Restated Balance</b>		<b>18,255,793</b>
35.19	<b>GAINS / (LOSS) ON SALE OF ASSETS</b>		
	<b>Amount previously Stated</b>		<b>(6,790,523)</b>
	Recognition of debtor from exchange transactions not previously recognised for a disposal of erven - 30/06/2017 - refer to note 35.1		(159,234)
	<b>Restated Balance</b>		<b>(6,949,757)</b>

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
<b>35.20</b>	<b>PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENTS</b>		
	<b>Amount previously Stated</b>		<b>22,318,967</b>
	Correction of Fair Value Adjustment previously understated - 30/06/2018 - refer to note 1.3		265,894
	<b>Restated Balance</b>		<b>22,584,861</b>
<b>36</b>	<b>RETIREMENT BENEFIT INFORMATION</b>		
	Several councillors and employees belong to retirement and pension funds approved by the South African Local Government Bargaining Council. These funds are subject to regular actuarial valuation. These funds are run by their own Board of Directors and each fund have their own rules, compliant to legislation, that they must adhere to.		
<b>37</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>37.01</b>	<b>Contributions to Organised Local Government</b>		
	Opening Balance	2,874,386	2,490,530
	Council Subscriptions	4,027,445	2,874,386
	Amount Paid - Current Year	(2,840,080)	(2,490,530)
	<b>Balance Unpaid (Included in Creditors)</b>	<b>4,061,751</b>	<b>2,874,386</b>
<b>37.02</b>	<b>Audit Fees</b>		
	Opening Balance	-	3,923,726
	Current Year Audit Fees	5,513,722	5,582,908
	Discount Received due to interest been written off	-	(1,595,366)
	Amount Paid - Current Year	(5,513,722)	(7,911,269)
	<b>Balance Unpaid (Included in Creditors)</b>	<b>-</b>	<b>-</b>
<b>37.03</b>	<b>VAT</b>		
	VAT input receivables and VAT output receivables are shown in note 14. All VAT returns have been submitted by the due date throughout the year.		
<b>37.04</b>	<b>PAYE</b>		
	Opening Balance	2,764,908	-
	Current Year Payroll Deductions	36,878,971	32,457,830
	Amount Paid - Current Year	(39,643,879)	(29,692,923)
	<b>Balance Unpaid (Included in Creditors)</b>	<b>-</b>	<b>2,764,908</b>
<b>37.05</b>	<b>Pension and Medical Aid Deductions</b>		
	Opening Balance	6,185,846	7,859
	Current Year Payroll Deductions and Council Contributions	79,361,133	76,341,924
	Amount Paid - Current Year	(85,225,573)	(70,163,937)
	<b>Balance Unpaid (Included in Creditors)</b>	<b>321,406</b>	<b>6,185,846</b>
<b>37.06</b>	<b>UIF Payments</b>		
	Opening Balance	252,193	-
	Current Year Payroll Deductions and Council Contributions	3,082,305	3,061,311
	Amount Paid - Current Year	(3,334,498)	(2,809,118)
	<b>Balance Unpaid (Included in Creditors)</b>	<b>-</b>	<b>252,193</b>
<b>37.07</b>	<b>Councillor's Consumer Accounts in arrear older than 90 days</b>		
	None	-	-

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
<b>37.08</b>	<b>Eskom</b>		
	Opening Balance	35,691,221	22,356,342
	Current Year Eskom Invoices	215,469,788	200,729,134
	Amount Paid - Current Year	(228,917,172)	(187,394,255)
	<b>Balance Unpaid (Included in Creditors)</b>	<b>22,243,837</b>	<b>35,691,221</b>
<b>37.09</b>	<b>DWA</b>		
	Opening Balance	1,971,492	1,078,475
	Current Year DWA Invoices	5,226,570	3,404,467
	Amount Paid - Current Year	(5,446,264)	(2,511,450)
	<b>Balance Unpaid (Included in Creditors)</b>	<b>1,751,798</b>	<b>1,971,492</b>

37.10	Irregular Expenditure	2019	2018
Reconciliation of irregular expenditure:			
Opening balance		3,585,100	1,717,003
Irregular expenditure current year		659,217	7,717,268
Written Off by Council		(4,244,317)	(5,849,171)
Irregular expenditure awaiting further action		-	3,585,100
Amounts disclosed as irregular expenditure is inclusive of VAT, as per guidance received from National Treasury.			
Incident		Disciplinary steps/criminal proceedings	
Non-Compliance of Regulation 28(1)(a)(i) of the SCM Regulations		-	1,403,509
Non-Compliance with PPR of 2017 paragraph 8(2) for minimum threshold on local content not disclosed as part of specifications		-	2,181,591
		-	3,585,100
Deviations Approved:		Reasons	Amount
AAD DRIVETRAIN SYSTEM		PARTS AVAILABLE FROM AGENT	45,689
ABSOLUTELY PERFECT WATER		SERVICE OF CHLORINE DOSING UNIT & GAS VACUUM	187,350
ACORN PROJECTS 51		REPAIR OF FLYGT PUMPS	249,769
ACTOM (PTY) LTD		EMERGENCY - TO PREVENT DAMAGE TO MUN 11KV CIRCUIT BREAKERS	135,105
AFRICAN DIRECTORY SERVICES		RSA GOVERNMENT DIRECTORY	41,343
AGRICO (PTY) LTD		STRIP AND QUOTE	127,635
ALFA PANEELKLOPPERS		STRIP AND QUOTE	44,397
ANDREAS ENTERPRISE PTY LTD		STRIP AND QUOTE	25,800
ARB ELECTRICAL WHOLESALERS PTY LTD		LOWEST OF ONLY QUOTES RECEIVED	12,425
BARLOWORLD EQUIPMENT SOUTH AFRICA		STRIP EN QUOTE	52,456
BECKER BERGH & MORE		LEGAL WORK	534,698
BEKA (PTY) LTD		LOWEST OF ONLY QUOTES RECEIVED	18,218
BLV SWEISWERKE (EDMS) BPK		STRIP & QUOTE- IMPORTANT SERVICE DELEIVERY VEHICLE	212,865
BMW SOUTH AFRICA		EXTENSTION OF MAINTENANCE PLAN	158,873
BNDHLOVU TRADING PTY LTD		STRIP EN QUOTE	11,495
BOEGOEBERG WATERGEBRUIKERSVERENING		WATER SUPPLIER	512,565
BOSWIL VERVOER/UPINGTON HYDROBLAST		LOWEST OF ONLY QUOTES RECEIVED	60,720
BVI CONSULTING ENGINEERS NORTHERN CAPE (PTY) LTD		APPOINTMENT OF CONSULTANT AND PROCUREMENT OF MATERIALS FOR BYPASS KEIDEBEES	41,400
CARPE DIEM		STRIP EN QUOTE	398,758
CHARTERED INSTITUTE OF GOVERNMENT FINANCE AUDIT		CIGFARO - CONFERENCE	39,272
COCHRANE STEEL PRODUCTS		SOLE SERVICE PROVIDER - PATENT	981,442
C-PAC PUMPS & VALVES		STRIP AND QUOTE	917,447

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	CTE WATER TECH	STRIP AND QUOTE	29,268
	DDW STRAUSS	RENTING TOWER SPACE	36,328
	DESERT PALACE HOTEL	CATERING FOR EXTRA PEOPLE	10,740
	DK GENERAL TRADERS (PTY)LTD	REFUSE REMOVAL IN WELKOM, GEMBOK GRENSPOS EN	50,000
	DUCHARME CONSULTING (PTY) LTD	LICENSE FOR MOVEABLE ASSET VERIFICATION SYSTEM	29,900
	DURA-BUMP AFRICA	SOLE SERVICE PROVIDER - PATENT	124,361
	EE HARRIS TRUCK AND BUS	PART AVAILABLE FROM AGENT	16,912
	ELSTER KENT METERING (PTY) LTD	PRODUCT SPECIFIC WATER METERING	901,686
	EMC ELECTRICAL RETICULATION (PTY) LTD	STRIP AND QUOTE	191,918
	ENDRESS & HAUSER (PTY) LTD	SINGLE SERVICE PROVIDER	172,361
	ENVIROWORKS	APPOINTMENT OF CONSULTANT FOR REHAB PLAN	90,663
	F J VERWANT CONTRACTORS	HIRING OF TLB AFTER HOURS	53,730
		MUNICIPAL FINANCE MANAGEMENT PROGRAMME - AJ	
	FACHS BUSINESS CONSULTING AND TRAINING	SNYDERS	45,425
	FJ BOK GENERAL TRADERS (PTY) LTD	REFUSE REMOVAL IN ASHKAM, MOLOPO EN ANDRIESVALE	96,591
	FP SMIT	STRIP AND QUOTE	265,077
	GB HERSTELDIENSTE	LOWEST OF ONLY QUOTES RECEIVED	99,293
	GENERAL SERVE ELECTRONICS BK	LEASE REPEATER SOLO	89,700
	GIJIMA AST GROUP LTD	TELEPHONE MAINTENANCE CONTRACT	12,915
	GLS CONSULTING PTY LTD	SOFTWARE LICENSE IQMS EN GLS	284,280
	GORDONIA MOTORS	PART AVAILABLE FROM AGENT	158,828
	HALSTED & CO (PTY) LTD	LOWEST OF ONLY QUOTES RECEIVED	34,364
	HESHAAM PATEL	LOWEST OF ONLY QUOTES RECEIVED	43,000
	HITACHI CONSTRUCTION MACHINERY SOUTH AFRICA CO LTD	STRIP AND QUOTE	123,243
	INISWA PROMOTIONS	PLACING ADVERT IN GOVERNMENT NEWSPAPER	29,488
	INTEGRA-SERVE	LOWEST OF ONLY QUOTES RECEIVED	102,020
	INTER TEKENS (EDMS) BPK	LOWEST OF ONLY QUOTES RECEIVED	14,381
	JN VERKOELING EN ALGEMENE HERSTEL WERKE	STRIP AND QUOTE	10,800
	KAAP AGRI BEDRYF BEPERK	LOWEST OF ONLY QUOTES RECEIVED	43,101
	KALAHARI-OOS WATERGEBRUIKVERENIGING	WATER SUPPLIER	811,702
	KALAHARI-WES WATERGEBRUIKVERENIGING	WATER SUPPLIER	17,615
	KLK LANDBOU BEPERK	LOWEST OF ONLY QUOTES RECEIVED	83,807
	KOMATSU SA (PTY)LTD	PART AVAILABLE FROM AGENT	218,318
	LECFLO CC	REPAIR OF FLIGHT PUMP	413,106
	LEXISNEXIS PTY LTD	RENEWAL OF LICENSE FEE	77,204
	LIEBHERR-AFRICA (PTY) LTD	PART AVAILABLE FROM AGENT	67,986
	LOUISVALE BESPROEINGSRAAD	WATER SUPPLIER	21,145
	LUMBER CITY UPINGTON	LOWEST OF ONLY QUOTES RECEIVED	11,148
	MAPULANE STATIONARY + BOOKS	LOWEST OF ONLY QUOTES RECEIVED	22,247
	MEDIA24 BEPERK	SINGLE SERVICE PROVIDER	76,580
	MOTOLEK & BATTERY CENTRE	STRIP AND QUOTE	97,075
	MR SJ COETZEE	SOLE SUPPLIER -ORIGINAL OF HIGH PADLOCKS	15,000
	MUBEKO AFRICA	TRAINING ATTENDED	12,006
	MULTICHOICE	SINGLE SERVICE PROVIDER	165,437
	NOENIEPUT SERVICES (PTY) LTD	REFUSE REMOVAL SWARTKOPDAM EN NOENIEPIT	62,500
	NOORD-KAAP DIESEL	STRIP AND QUOTE	16,116
	NOORDWES KOERANTE EDMS BPK	LOCAL NEWSPAPER	10,954
	NORATI ENTERPRISES UNLIMITED	TRANSPORT OF WATER TO SWARTKOPDAM	1,926,000
	NORTHERN CAPE NOREX ELECTRIC MOTOR AND PUMPS	STRIP AND QUOTE	399,413
	NUWCOM WIRELESS	LOWEST OF ONLY QUOTES RECEIVED	11,385
	OMEGA FIRE AND SECURITY PTY LTD	BIO METRIC SYSTEM	40,549
	ONTEC SYSTEMS(PTY) LTD	PRODUCT SPECIFIC PRE-PAID ELECTRICITY	2,710,783
	ORA BUSINESS DEVELOPMENT	MOTIVATIONAL SPEAKER	30,000
	ORANJE MEGANIES EDMS BPK	STRIP AND QUOTE	137,728
	OVERROX TRADING 55 CC	HIRING OF TLB AFTER HOURS	74,768
	PITNEY BOWES SA (PTY) LTD	REMOTE METER-SETTING MACHINE LICENSE	28,800
	PM VENTER	LEGAL WORK	86,930
	PRIMA MAXIPREST T/A SUPA QUICK	SERVICE DELIVERY VEHICLE - EMERGENCY	97,140
	PRONTO IT SOLUTIONS	LOWEST OF ONLY QUOTES RECEIVED	23,450
	QUILL ASSOCIATES	SINGLE SERVICE PROVIDER OF FINICIAL SYSTEM (BIQ)	877,877
	RADIO RIVERSIDE	LOCAL RADIO STATION	97,345
	RAYMOND YOUNG'S ENGINEERING BK	STRIP AND QUOTE	61,134
	REPRA CC	TRANSPORT OF WATER TO SWARTKOPDAM	316,383
	REINHAUSEN SOUTH AFRICA	EMERGENCY - LEAK AT MAIN SUB-STATION	218,173
	ROCLA (PTY) LTD	LOWEST OF ONLY QUOTES RECEIVED	27,566
	SOUTH AFRICAN BROADCASTING CORPORATION	TV LICENSE	16,703

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
	SOUTH AFRICAN POST OFFICE LTD	FRANKING ENVELOPES	1,353,805
	SPECTRUM COMMUNICATIONS (PTY) LTD	SPECTRUM TELEMETRY SYSTEM - SPECTRUM PARTS	285,039
	SUNELDO DRUKKERS & TEKENS	LOWEST OF ONLY QUOTES RECEIVED	16,483
	THE INSTITUTE OF INTERNAL AUDITORS SOUTH AFRICA	INSTITUTE OF INTERNAL AUDITORS SOUTH AFRICA REGISTRATION	14,835
	TOTAL CLIENT SERVICES LIMITED	TCS SYSTEM USED FOR TRAFFIC FINES	178,854
	TOTAL GEO-SPATIAL INFORMATION SOLUTIONS	SINGLE SERVICE PROVIDER - IMIS SYSTEM	665,533
	TRANS ORANJE DRUKKERS EIENDOMME BPK	LOWEST OF ONLY QUOTES RECEIVED	16,818
	TRUVELO MANUFACTURERS (PTY) LTD	SINGLE PROVIDER FOR CALIBRATING SPEED APPARATUS	51,151
	UPINGTON ALTERNATORS & REWINDS CC	STRIP AND QUOTE	159,998
	UPINGTON BESPROEINGSRAAD	WATER SUPPLIER	77,946
	UPINGTON HOTEL (PTY) LTD	ONLY AVAILABLE VENUE	46,402
	UPINGTON INDUSTRIEEL	LOWEST OF ONLY QUOTES RECEIVED	10,001
	UPINGTON MOTOR ONDERDELE	STRIP AND QUOTE	1,068,957
	UPINGTON RATKASSENTRUM BK	STRIP AND QUOTE	659,911
	UPINGTON TOYOTA (EDMS)BPK	PARTS AVAILBLE FROM AGENT	47,675
	UPINGTON TREKKERS & IMPLEMENTE (EDMS) BPK	STRIP AND QUOTE	103,714
	VAN ELLEWEE FAMILIE TRUST	RENTING TOWER SPACE	34,227
	VDM CONTROL SOLUTIONS	PARTS AVAILABLE FROM AGENT	101,540
	VECTO TRADE 59 (PTY) LTD	LOWEST OF ONLY QUOTES RECEIVED	51,035
	VMGLOBAL (PTY) LTD	STRIP AND QUOTE	19,800
	VOLTEX (PTY) LTD	LOWEST OF ONLY QUOTES RECEIVED	11,430
	WALKER INDUSTRIA	STRIP AND QUOTE	1,003,465
	WALKER MIDAS	PARTS AVAILABLE FROM AGENT	92,247
	WERNER SOUTH AFRICA PUMPS & EQUIPMENT (PTY) LTD	PARTS AVAILABLE FROM AGENT	356,500
	WESNO VERWE BK.	LOWEST OF ONLY QUOTES RECEIVED	147,221
	WOLTERS KLUWER TAX AND ACCOUNTING SA PTY LTD	OWNER AND SINGLE SERVICE PROVIDER OF THE TEAMMATE	25,750
	WOODROW ENGINEERING SALES (KIMBELEY)	WOODGROW OF THE PLC SYSTEM	102,373
	WORK DYNAMICS	SERVICE PROVIDER APPOINTED BY DCOG ITO CIRCULAR 4	43,724
	WORKSHOP ELECTRONICS CC	STRIP AND QUOTE	16,709
	ZELCO MOTORS (EDMS) PTY	PARTS AVAILABLE FROM AGENT	138,648
	ZENITH MINING & INDUSTRIAL SUPPLIES	SINGE SERVICE PROVIDER	85,998
			<b>24,339,952</b>

<b>37.11</b>	<b><u>Fruitless and Wasteful Expenditure</u></b>		
	<i>Definition as per Municipal Finance Management Act:</i>		
	<i>"fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;</i>		
	The following fruitless and wasteful expenditure have been incurred by the municipality for the year under review:		
	Reconciliation of fruitless and wasteful expenditure:	<b>2019</b>	<b>2018</b>
	Opening balance	2,117	204,052
	Fruitless and wasteful expenditure current year	7,406	2,117
	Written Off by Council	(2,117)	(204,052)
	Fruitless and wasteful expenditure awaiting further action	<b>7,406</b>	<b>2,117</b>
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	<i>Interest on late payment of creditors</i>	<i>None</i>	
		7,406	2,117
		<b>7,406</b>	<b>2,117</b>

**DAWID KRUIPER MUNICIPALITY**

**Notes to the Financial Statements for the Year Ended 30 June 2019**

Note	Description	2019 R	2018 R
37.12	<b>Unauthorised</b>		
	Reconciliation of unauthorised expenditure:	<b>2019</b>	<b>2018</b>
	Opening Balance	50,868,211	105,621,658
	Unauthorised expenditure current year	51,055,537	50,868,211
	Written Off by Council	(50,868,211)	(105,621,658)
	Unauthorised expenditure awaiting authorisation/Condonement	<u><b>51,055,537</b></u>	<u><b>50,868,211</b></u>
	<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>	
	<i>Over Expenditure of Operational Votes 2017/2018</i>	<i>None</i>	1,876,920
	<i>Over Expenditure of Operational Votes 2018/2019</i>	<i>None</i>	-
	<i>Loss on Inventory (non-cash)</i>	<i>The unauthorised expenditure will be tabled to the Section 32 Committee for investigation</i>	9,347
	<i>Impairment Loss on Receivables (non-cash)</i>	<i>The unauthorised expenditure will be tabled to the Section 32 Committee for investigation</i>	12,888,118
	<i>Loss on Sale of Assets (including non-cash items and excluding gains on sale of assets)</i>	<i>The unauthorised expenditure will be tabled to the Section 32 Committee for investigation</i>	7,140,147
	<i>Impairment Loss on Assets (non-cash)</i>	<i>The unauthorised expenditure will be tabled to the Section 32 Committee for investigation</i>	208,576
	<i>Internal departmental charges on vehicles (non-cash)</i>	<i>The unauthorised expenditure will be tabled to the Section 32 Committee for investigation</i>	
	<i>Over Expenditure on Provision for PEMA &amp; LSA disclosed as part of Employee Related Costs. (non-cash)</i>	<i>The unauthorised expenditure will be tabled to the Section 32 Committee for investigation</i>	5,401,257
	<i>Over Expenditure on Depreciation and Amortisation (non-cash)</i>	<i>The unauthorised expenditure will be tabled to the Section 32 Committee for investigation</i>	23,343,846
		<u><b>51,055,537</b></u>	<u><b>50,868,211</b></u>
	The Annual Financial Statements is being compiled on the accrual basis and amounts disclosed as unauthorised expenditure includes cash and non-cash amounts. Only amounts disclosed as part of the cash flow statement has resulted in a cash outflow / inflow. It should be noted that the 2018/2019 final budget, per Statement of Comparison of Budget and Actual Amounts, was not overspend.		
37.13	<b>B-BBEE Performance</b>		
	Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information		
	<p>8. The B-BBEE Act requires B-BBEE information to be included in both the audited annual financial statement and the annual report. However, to avoid the duplication of information, the annual financial statements only need to include a note titled “<b>B-BBEE Performance</b>” and under this note, the following wording must be inserted “<b>Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information</b>”</p>		
37.14	<b>Non-Compliance with the Municipal Finance Management Act, Municipal Systems Act, Supply Chain Management Act, Minimum Competency Levels and Policies</b>		
	The following non-compliances occurred during the year under review:		
	Section 15: Unauthorised, irregular and fruitless and wasteful expenditure other losses were not prevented;		
	Section 62(1)(d): Unauthorised, irregular and fruitless and wasteful expenditure other losses were not prevented;		
	Section 65(2): Creditors not paid within 30 days;		
	Non-Compliance with Travel and Subsistence Policy		

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
38	RELATED PARTIES		
38.01	<b>Related party relationships exist between the municipality and the following parties:</b> Mayor, Speaker , Councillors, Municipal Manager and Section 57 Managers.		
	<b>Related party transactions for municipal services</b>		
	During the year the municipality rendered services to the following related parties that are related to the municipality as indicated		
	<b>30 June 2019</b>	<b>Rates</b>	<b>Services charges &amp; Other levies</b>
	<b>Services rendered to related parties:</b>		<b>Total 30 June 2019</b>
	Councillors	35,658	127,359
	Municipal Manager & Sect 57 appointments	46,073	84,844
		<b>81,731</b>	<b>212,203</b>
	<b>30 June 2018</b>	<b>Rates</b>	<b>Services charges &amp; Other levies</b>
	<b>Services rendered to related parties:</b>		<b>Total 30 June 2018</b>
	Councillors	34,674	131,497
	Municipal Manager & Sect 57 appointments	41,355	81,063
		<b>76,029</b>	<b>212,560</b>
	<i>The rates, service and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised. The amounts outstanding are unsecured and will be settled in cash. Consumer deposits were received from Councillors, the Municipal Manager and section 57 personnel. Refer to Appendix F for more detail.</i>		

	<b>Related party transactions</b>			
	The following business transactions were concluded with businesses where a councillor or employee are a member or a director of the company.			
	<b>Company's Name</b>	<b>Councillor / Employee</b>	<b>2019</b>	<b>2018</b>
	Help-U-Agency	S Esau Owner of Help-U-Agencies is the father of EJJ Esau who is the Manager: SCM	30,000	30,000
	RSI on Point	R Isaacs owner of RSI on Point is the brother in-law of EJJ Esau who is the Manager: SCM	175,000	85,000
			<b>205,000</b>	<b>115,000</b>
	<b>The compensation of key management personnel is set out in note 28</b>			
38.02	<b>Related Party Loans</b>			
	Loans to senior management employees are no longer permitted since 1 July 2004			

39	CAPITAL COMMITMENTS		
	<b>Commitments in Respect of Capital Expenditure:</b>		
	<b>Approved and Contracted for -</b>	<b>47,432,207</b>	<b>32,304,831</b>
	Infrastructure	45,681,254	17,971,703
	Community	116,783	5,195,764
	Other	1,634,169	9,137,364
	<b>This expenditure will be financed from:</b>		
	<b>Approved and Contracted for -</b>	<b>47,432,207</b>	<b>32,304,831</b>
	Government Grants	46,842,986	25,529,027
	Own Resources	589,221	6,775,804
	<i>Above amounts are excluding of VAT.</i>		



# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
40	<b>CONTINGENT LIABILITIES</b>	<b>2,018,042</b>	<b>3,012,148</b>
	<b>Dawid Kruiper Municipality / S Magodongo</b>	<b>-</b>	<b>1,454,792</b>
	<i>Claim for unlawful dismissal. The case was settled in favour of S Magodongo. The amount due was paid during May 2019.</i>		
	<b>Dawid Kruiper Municipality / F A Orange</b>	<b>-</b>	<b>1,440,814</b>
	<i>Claim against the Municipality for damages caused during a fire. The deadline expired for the claim to be registered. No further action is expected.</i>		
	<b>Dawid Kruiper Municipality / Prix General Works</b>	<b>-</b>	<b>11,500</b>
	<i>Claim against the Municipality for work done, but not paid. Case was resolved. The amount of R 11 500 was paid during September 2018.</i>		
	<b>Dawid Kruiper Municipality / J D Malgas</b>	<b>5,000</b>	<b>50,000</b>
	<i>Claim against the Municipality for defamation. Matter is being defended. Outcome of the case is still uncertain.</i>		
	<b>Dawid Kruiper Municipality / J G Cloete</b>	<b>13,042</b>	<b>13,042</b>
	<i>Claim against the Municipality for damages. Matter is being defended. Outcome of the case is still uncertain.</i>		
	<b>Dawid Kruiper Municipality / T S Maine</b>	<b>-</b>	<b>42,000</b>
	<i>Claim against the Municipality for damages. Matter was referred to insurance for third party claim. Outcome of the case is still uncertain.</i>		
	<b>Dawid Kruiper Municipality / M J &amp; E Hayes</b>	<b>2,000,000</b>	<b>-</b>
	<i>Claim against the Municipality for damages due to high restrictions on building. Matter is being defended. Outcome of the case is still uncertain.</i>		
	<b>Landfill Site and Quarries</b>	<b>-</b>	<b>-</b>
	<i>Currently the municipality is not complying with the National Environmental Management: Waste Management Act as the Municipality is operating a landfill site and quarries without licenses as required by Section 68(1) of the National Environmental Management Waste Act, 2008 (Act No. 59 of 2008).</i>		
	<i>In terms of Section 68(1) of the Waste Management Act of the municipality might receive a penalty of R 100 000 for not having a license to operate a landfill site. As per previous guidance it was decided not to disclose an amount as this fines was not allocated to any municipality in the past.</i>		
	<i>In accordance with Section 68(1) of the National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008), a person convicted of an offence referred to in Section 67 (1)(a), (g) or (h) is liable to a fine not exceeding R 10 000 000 or to imprisonment for a period not exceeding 10 years, or to both such fine and such imprisonment, in addition to any other penalty or award that may be imposed or made.</i>		
41	<b>CONTINGENT ASSET</b>	<b>5,899,084</b>	<b>6,319,605</b>
	<b>Cape Town Community Housing Company</b>	<b>5,290,000</b>	<b>5,290,000</b>
	<i>Amount receivable as purchase price before the completion date of transfer of the last housing units to purchasers as per contract signed during July 2011.</i>		

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	<b>Dawid Kruiper Municipality / Oranje Watersport CC</b>	<b>583,605</b>	<b>583,605</b>
	<i>Claim against municipality regarding disposal of erf 15747. The matter is defended. The court found in favour of the Municipality. The applicant has to pay the legal costs of the Municipality. Applicant applied for leave to appeal. Matter has not yet been heard. Leave to appeal was heard and the appeal was rejected. Leave to appeal was peritican in Bloemfontein High Court.</i>		
	<b>Dawid Kruiper Municipality / Show Time Media</b>	<b>-</b>	<b>446,000</b>
	<i>Claim against Show Time Media for outstanding levies and service charges. Company has been liquidated. The distribution and liquidation account has been finalised and approved by the Master of the Court. The advertisement board was held as retention for the outstanding fees and thus recognised as a asset.</i>		
	<b>Dawid Kruiper Municipality / J M Morkel</b>	<b>25,479</b>	<b>-</b>
	<i>Claim against J M Morkel to recover cost for removal of container. Awaiting for court date. The outcome of the case is still uncertain.</i>		
<b>42</b>	<b>COMPARISON WITH THE BUDGET</b>		
	The municipality's actual financial performance compared with the approved budgeted is set out in the budget comparison sheets.		
<b>43</b>	<b><u>Distribution Losses:</u></b>		
<b>43.01</b>	<b><u>Electricity</u></b>		
	Electricity distribution losses comprises of technical and non-technical losses.		
	Technical losses, as defined in the NRS 080:2004, are losses on the electrical network due to the resistivity of the conductors and the energisation of transformers. Calculation of the technical losses of the municipal network which consists of urban and rural networks, applying the methodology in the NRS 080:2004, results in an estimated technical loss of 9.25%.		
	Non-technical losses are losses due to theft, faulty meters and billing errors and is calculated by subtracting technical losses from the total losses.		
	A total of 203 515 130 (2018: 203 541 649) kWh were purchased and a total of 182 995 270 (2018: 186 045 785) kWh were sold. Therefore a distribution loss of 20 519 860 (2018: 17 495 864) kWh or 9.89% (2018: 8.34%), which is below the norm of 10% set by National Treasury, was incurred by Dawid Kruiper Municipality for the period from 1 July 2018 to 30 June 2019. The value of these losses at cost price amounts to R 18 673 073 (2018: R 14 871 484).		
<b>43.02</b>	<b><u>Water</u></b>		
	A total of 17 407 476 (2018: 16 947 769) kl of water were produced and a total of 9 098 424 (2018: 9 815 058) kl of water were sold. Resulting in a water distribution loss of 8 309 052 (2018: 7 132 711) kl. This amount consist of technical losses of 5 697 930 (2018: 4 590 546) kl and non-technical losses of 2 611 121 (2018: 2 542 165) kl. The value of these losses at cost price amounts to R 15 288 654 (2018: R 19 084 418).		
<b>44</b>	<b>FINANCIAL RISK MANAGEMENT</b>		
	The activities of the municipality expose it to a variety of financial risks, including market risk (comprising currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.		
<b>44.01</b>	<b><u>Foreign Exchange Currency Risk</u></b>		
	The Municipality does not engage in foreign currency transactions.		
<b>44.02</b>	<b><u>Price Risk</u></b>		
	the Municipality is not exposed to price risk		

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
<b>44.03</b>	<b>Interest Rate Risk</b>		
	As the Municipality has significant interest-bearing assets, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.		
	The Municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/(deficit) for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.		
	The Municipality did not hedge against any interest rate risks during the current year.		
	The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:		
	1% (2019 - 1%) Increase in interest rates	(754,657)	(386,090)
	0.5% (2019 - 0.5%) Decrease in interest rates	377,328	193,045

<b>44.04</b>	<b>Credit Risk</b>				
	Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur a financial loss.				
	Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.				
	Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed a crossed different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practise this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.				
	All rates and services are payable within 30 days from invoice date. Refer to note 4 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.				
	Due to the short term nature of receivables the carrying value disclosed in note 4 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at a rate approved by Council.				
		<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>The provision for bad debts could be allocated between the different classes of debtors as follows:</b>	<b>%</b>	<b>R</b>	<b>%</b>	<b>R</b>
	<b>Non-Exchange Receivables</b>				
	Rates	31.77%	(22,712,894)	36.14%	(21,974,793)
	<b>Exchange Receivables</b>				
	Service Charges	68.23%	(48,780,361)	63.86%	(38,833,531)
		100.00%	(71,493,254)	100.00%	(60,808,324)
	<b>Bad debts written off per debtor class:</b>				
	<b>Non-Exchange Receivables</b>				
	Fines	43.03%	4,752,413	0.00%	-
	<b>Exchange and Non-Exchange Receivables</b>				
	Rates and Service Charges	56.97%	6,292,723	100.00%	1,405,359
		100.00%	11,045,136	100.00%	1,405,359
	The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.				
	Receivables from Exchange Transactions and Receivables from Non-Exchange Transactions are individually evaluated annually at year end for impairment.				

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
	Financial assets exposed to credit risk at year end are as follows:	2019	2018 R
	Non-Current Receivables from Exchange Transactions	-	8,904
	Trade Receivables from Exchange Transactions	68,751,702	61,391,412
	Trade Receivables from Non-Exchange Transactions	14,303,340	12,300,112
	Operating Lease Asset	150,993	134,020
	Cash and Cash Equivalents	50,309,985	76,582,442
		<u>133,516,020</u>	<u>150,416,889</u>

44.05 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years
2019	135,595,429	46,181,441	42,470,608	5,633,087
Non-Current Borrowings	10,981,070	46,181,441	42,470,608	5,633,087
Trade and Other Payables from Exchange Transactions	86,711,535	-	-	-
Consumer Deposits	12,285,410	-	-	-
Unspent Conditional Grants and Receipts	25,617,415	-	-	-

	Less than 1 year	Between 2 and 5 years	Between 6 and 10 years	Over 10 years
2018	159,377,730	46,461,784	48,245,850	10,607,502
Non-Current Borrowings	9,876,274	46,461,784	48,245,850	10,607,502
Trade and Other Payables from Exchange Transactions	107,119,095	-	-	-
Consumer Deposits	11,474,348	-	-	-
Unspent Conditional Grants and Receipts	30,908,013	-	-	-

<b>45</b>	<b>FINANCIAL INSTRUMENTS</b>	<b>2019 R</b>	<b>2018 R</b>
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
<b>45.01</b>	<b>Financial Assets</b>		
	<b>Financial instruments at amortised cost</b>		
	Non-Current Receivables from Exchange Transactions	-	8,904
	Trade Receivables from Exchange Transactions	68,751,702	61,391,412
	Trade Receivables from Non-Exchange Transactions	14,303,340	12,300,112
	Operating Lease Asset	150,993	134,020
	Current Portion of Non-Current Receivables	1,535	4,938
	Cash and Cash Equivalents	50,309,985	76,582,442
		<u>133,517,554</u>	<u>150,421,827</u>

# DAWID KRUIPER MUNICIPALITY

## Notes to the Financial Statements for the Year Ended 30 June 2019

Note	Description	2019 R	2018 R
<b>45.02</b>	<b>Financial Liability</b>		
	<b>Financial instruments at amortised cost</b>		
	Non-Current Borrowings	94,285,137	105,315,136
	Trade and Other Payables from Exchange Transactions	86,711,535	107,119,095
	Consumer Deposits	12,285,410	11,474,348
	Unspent Conditional Grants and Receipts	25,617,415	30,908,013
	Current Portion of Non-Current Borrowings	10,981,070	9,876,274
		<u>229,880,566</u>	<u>285,202,324</u>

<b>46</b>	<b>EVENTS AFTER REPORTING DATE</b>
<b>46.01</b>	Senior Management is unaware of any events after reporting date that may have a significant impact on the annual financial statements for the year under review.

<b>47</b>	<b>Going Concern</b>	<b>2019</b>	<b>2018</b>
	(Deficit) / Surplus for the year	101,260,192	(36,822,380)
	<p>During the period 2008/2009 to 2009/2010 the Municipality utilised the transitional provisions of Directive 4 issued by the Accounting Standards Board; which allowed the Municipality three years to recognise assets under the previous basis of accounting utilised by Municipalities. However, for the 2010/2011 financial year and retrospectively for two years the Municipality had to apply the new required Accounting Standards to recognise their assets. The result was that these assets were recognised at its current depreciated replacement cost; which resulted in a significant increase in the accumulated surplus. Due to the significant increase in the value of assets; depreciation subsequently increased as well. Thus, although the increase in depreciation has resulted in a deficit, this deficit is set-off against the large accumulated surplus that has been created. The off-setting depreciation must go – according to the approved GRAP Accounting Standards – through the Statement of Financial Performance and may not be off-set directly against the Statement of Changes in Net Assets. The deficit is thus funded by the accumulated surplus in the Statement of Changes in Net Assets; and, thus this will influence the setting of tariffs in the future.</p>		
	<p>During the merger between //Khara Hais Municipality and Mier Municipality current and non-current liabilities were transferred to Dawid Kruijer Municipality without it being cash backed. The available funds from previous //Khara Hais Municipality was therefore used to pay current obligations of Mier Municipality. However, landfill sites, quarries and employee benefits are not cash funded in terms of the Funding and Reserves Policy. However, Management aim to address in the future without increasing tariffs above inflation.</p>		
	Current Assets less current liabilities	(72,013,502)	(52,344,501)
	<p>It is noted with real concern that the current assets is R 72 013 502 (2018: R 54 344 501) less than the current liabilities. Management are looking at ways to that will improve our current ratio of 0.67:1.00 (2018: 0.75:1.00) to a more favourable current ratio of 1.00:1.00.</p>		
	<p>As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted.</p>		
	<p>Counter funding on projects will funded through own generated funds. Capital projects where counter funding is required will be limited to service delivery projects. As current loans are being paid up our liability will decrease and our financial position will stabilise.</p>		
	<p>Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.</p>		

# DAWID KRUIPER MUNICIPALITY

## APPENDIX A: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

External Loans	Loan Number	Redeemable	Loan term	Interest Rate (Fixed)	Balance at 01/07/2018	Carrying Value Adjustment	Received During the Period	Other Costs	Interest Levied	Redeemed During the Period	Balance at 30/06/2019
					R		R			R	R
<b>Annuity Loans</b>											
Development Bank of SA	6100-7422	30/06/2021	20 years	16.50%	5,501,102	-	-	-	793,934	(2,338,913)	3,956,124
Development Bank of SA	6100-7423	30/06/2030	20 years	12.59%	37,221,749	-	-	-	4,596,154	(6,032,207)	35,785,697
Development Bank of SA	6100-7424	30/06/2025	15 years	6.75%	24,501,767	-	-	-	1,564,208	(4,403,482)	21,662,493
Development Bank of SA	6100-7339	30/06/2020	20 years	5.00%	320,293	-	-	-	12,559	(195,565)	137,287
Standard Bank	310-840-708	31-12-2027	15 years	11.35%	37,646,498	-	-	1,239	4,208,911	(6,582,234)	35,274,415
First National Bank	4000077949032	30-06-2023	5 years	12.09%	10,000,000	-	-	-	1,124,986	(2,674,794)	8,450,192
<b>TOTAL EXTERNAL LOANS</b>					115,191,411	-	-	1,239	12,300,753	(22,227,195)	105,266,207

**DAWID KRUIPER MUNICIPALITY**

**APPENDIX B: ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2019**

	Cost / Revaluation Under						Accumulated Depreciation					
	Restated Opening Balance	Additions	Construction	Disposals	Revaluation	Closing Balance	Restated Opening Balance	Additions	Disposals	Impairment	Closing Balance	Carrying Value
<b><u>Land and Buildings</u></b>												
Buildings	188,440,552	870,168	82,770	(3,269,771)	-	186,123,719	(67,560,658)	(6,102,191)	1,540,075	-	(72,122,774)	114,000,946
Land	71,157,803	-	-	-	-	71,157,803	-	-	-	-	-	71,157,803
	<b>259,598,356</b>	<b>870,168</b>	<b>82,770</b>	<b>(3,269,771)</b>	<b>-</b>	<b>257,281,523</b>	<b>(67,560,658)</b>	<b>(6,102,191)</b>	<b>1,540,075</b>	<b>-</b>	<b>(72,122,774)</b>	<b>185,158,749</b>
<b><u>Infrastructure</u></b>												
Building	-	-	103,094	-	-	103,094	-	-	-	-	-	103,094
Communication	1,376,214	-	-	-	-	1,376,214	(24,461)	(20,198)	-	-	(44,659)	1,331,555
Community Facility	6,402	-	-	-	-	6,402	-	-	-	-	-	6,402
Electricity	444,947,073	8,770,669	41,084,110	(2,583,239)	-	492,218,613	(140,933,091)	(15,757,550)	799,977	(6,068)	(155,896,732)	336,321,881
Fuel Equipment	1,685,981	-	-	-	-	1,685,981	(177,138)	(84,613)	-	-	(261,751)	1,424,230
Quarries	39,454,837	-	-	-	1,681,731	41,136,568	(12,078,166)	(8,398,591)	-	-	(20,476,757)	20,659,811
Railway	12,440,759	-	-	-	-	12,440,759	(11,371,962)	(248,724)	-	-	(11,620,686)	820,073
Roads, Pavement, Bridges and Storm Water	718,423,723	3,720,981	3,998,301	(658,050)	-	725,484,956	(231,668,857)	(23,831,566)	545,024	-	(254,955,400)	470,529,556
Sewerage	177,665,495	391,581	1,878,090	(385,452)	-	179,549,715	(63,928,504)	(5,717,785)	117,108	-	(69,529,181)	110,020,534
Solid Waste	64,622,068	-	-	(87,998)	18,669,201	83,203,271	(28,675,855)	(4,122,808)	31,418	-	(32,767,246)	50,436,025
Water	588,850,292	1,657,734	1,353,230	(1,073,278)	-	590,787,978	(187,627,705)	(16,997,193)	879,521	-	(203,745,377)	387,042,601
	<b>2,049,472,843</b>	<b>14,540,965</b>	<b>48,416,826</b>	<b>(4,788,017)</b>	<b>20,350,932</b>	<b>2,127,993,549</b>	<b>(676,485,739)</b>	<b>(75,179,027)</b>	<b>2,373,048</b>	<b>(6,068)</b>	<b>(749,297,788)</b>	<b>1,378,695,762</b>

Community assets												
Building	43,051	-	-	-	-	43,051	(18,584)	(3,368)	-	-	(21,953)	21,098
Community	3,353,587	-	-	-	-	3,353,587	(690,468)	(207,124)	-	-	(897,592)	2,455,995
Community Facility	5,559,688	42,440	212,150	-	-	5,814,279	(449,162)	(114,537)	-	-	(563,699)	5,250,580
Graveyard Site	9,414,712	-	-	-	-	9,414,712	(3,079,989)	(367,237)	-	-	(3,447,225)	5,967,487
Recreational Facility	35,024,085	-	-	(93,975)	-	34,930,110	(13,580,149)	(1,504,321)	28,123	-	(15,056,347)	19,873,764
Sport and Recreation Facility	1,148,429	574,266	-	-	-	1,722,694	(154,295)	(47,548)	-	-	(201,843)	1,520,851
Sporting Facility	40,291,289	-	-	(164,988)	-	40,126,301	(13,191,980)	(1,587,096)	118,867	-	(14,660,210)	25,466,092
	94,834,842	616,706	212,150	(258,963)	-	95,404,736	(31,164,628)	(3,831,229)	146,990	-	(34,848,868)	60,555,868
Other Assets												
Vehicles	55,310,884	8,963,462		(1,484,570)		62,789,776	(25,438,337)	(3,976,736)	578,718	-	(28,836,355)	33,953,421
Fire Fighting Equipment	829,957	-	-	-	-	829,957	(381,116)	(58,097)	-	-	(439,213)	390,744
Fuel Power Equipment	229,183	-	-	(11,565)	-	217,618	(50,245)	(22,033)	5,607	-	(66,671)	150,947
General Vehicles	29,327,472	2,331,045		(1,208,444)	-	30,450,074	(10,910,082)	(1,948,413)	417,364	-	(12,441,132)	18,008,942
Motor Vehicles	6,185,383	-	-	-	-	6,185,383	(3,019,017)	(406,990)	-	-	(3,426,007)	2,759,376
Specialised Vehicles	806,248	-	-	-	-	806,248	(283,880)	(56,437)	-	-	(340,317)	465,930
Trucks / Bakkies	17,932,641	6,632,417		(264,561)	-	24,300,497	(10,793,997)	(1,484,765)	155,747	-	(12,123,015)	12,177,482
Communication	207,161	-	-	-	-	207,161	(43,159)	(4,316)	-	-	(47,474)	159,687
Air Conditioners	2,893,207	209,399	-	(296,268)	-	2,806,338	(1,035,943)	(146,206)	144,485	-	(1,037,664)	1,768,674
Cabinets / Cupboards	2,880,716	-	-	(6,435)	-	2,874,281	(1,222,669)	(143,656)	2,893	-	(1,363,433)	1,510,848
Chairs	2,391,136	192,647	-	(5,699)	-	2,578,083	(951,871)	(126,152)	2,563	-	(1,075,460)	1,502,624
Compressors	262,226	-	-	-	-	262,226	(152,676)	(17,481)	-	-	(170,157)	92,069
Computer Equipment	12,128,503	266,314		(88,368)	-	12,306,449	(3,981,596)	(788,188)	43,681	-	(4,726,104)	7,580,345
Fire Fighting Equipment	297,498	-	-	-	-	297,498	(127,565)	(19,830)	-	-	(147,395)	150,103
Furniture and Other Office Equipment	2,231,081	913	-	(28,215)	-	2,203,779	(777,124)	(110,151)	1,625	-	(885,650)	1,318,129
General Equipment	14,765,912	387,630		(18,744)	-	15,134,797	(4,840,798)	(742,623)	7,267	-	(5,576,154)	9,558,643
Office Equipment	312,393	-	-	-	-	312,393	(168,323)	(20,608)	-	-	(188,931)	123,462
Office Machines	82,464	-	-	-	-	82,464	(34,062)	(4,122)	-	-	(38,184)	44,280
Plant & Equipment	769,851	-	-	-	-	769,851	(206,310)	(51,317)	-	-	(257,626)	512,225
Radio Equipment	22,400	-	-	-	-	22,400	(12,796)	(1,493)	-	-	(14,289)	8,111
Sundry Furniture	545,903	29,800	-	-	-	575,703	(235,132)	(28,411)	-	-	(263,543)	312,160
Table and Desks	2,085,064	25,730	-	-	-	2,110,794	(770,924)	(104,780)	-	-	(875,704)	1,235,090
Work of Art	11,401	-	-	-	-	11,401	(5,130)	(570)	-	-	(5,700)	5,701
	97,197,800	10,075,895	-	(1,928,300)		105,345,395	(40,004,415)	(6,286,638)	781,231	-	(45,509,823)	59,835,572
GRAND TOTAL	2,501,103,841	26,103,735	48,711,746	(10,245,050)	20,350,932	2,586,025,203	(815,215,441)	(91,399,086)	4,841,343	(6,068)	(901,779,252)	1,684,245,951



# DAWID KRUIPER MUNICIPALITY

## APPENDIX C: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

2018 Actual Income R	2018 Actual Expenditure R	2018 Actual Gain / (Losses) R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Actual Gain / (Losses) R	2019 Surplus/ (Deficit) R
22,729,840	53,827,447	-	(31,097,607)	Executive & Council	2,385,585	49,379,119	-	(46,993,534)
200,431,312	116,473,347	(1,123,837.35)	82,834,128	Finance and Administration	201,868,845	134,340,129	126,219,043	193,747,759
-	1,888,666	-	(1,888,666)	Internal Audit	-	1,822,194	-	(1,822,194)
4,406,676	9,548,894	(17,308.55)	(5,159,526)	Community & Social Services	2,838,956	11,270,437	-	(8,431,482)
4,606,942	31,846,327	(354,478.40)	(27,593,863)	Sport & Recreation	3,862,897	34,122,743	-	(30,259,846)
302,588	14,190,776	-	(13,888,188)	Public Safety	2,576,110	14,670,973	-	(12,094,863)
650,000	4,507,690	-	(3,857,690)	Housing	650,000	5,033,678	-	(4,383,678)
19,510,911	12,001,385	-	7,509,526	Planning and Development	26,164,725	11,692,433	-	14,472,293
11,513,860	66,728,265	(291,335.96)	(55,505,741)	Road Transport	10,922,827	69,761,671	-	(58,838,844)
269,391,708	220,032,743	(613,950.57)	48,745,015	Energy Sources	305,203,110	235,099,787	-	70,103,323
54,578,637	65,737,883	(377,649.07)	(11,536,895)	Water Management	64,492,044	69,643,340	-	(5,151,296)
33,602,624	40,716,772	(30,477.30)	(7,144,625)	Waste Water Management	36,748,955	40,971,285	-	(4,222,330)
26,604,969	42,544,565	(29,575.02)	(15,969,171)	Waste Management	32,843,284	35,427,401	-	(2,584,117)
155	2,269,232	-	(2,269,077)	Other	243	2,281,241	-	(2,280,998)
<b>648,330,224</b>	<b>682,313,991</b>	<b>(2,838,612)</b>	<b>(36,822,379)</b>	<b>TOTAL</b>	<b>690,557,581</b>	<b>715,516,431</b>	<b>126,219,043</b>	<b>101,260,192</b>

# DAWID KRUIPER MUNICIPALITY

## APPENDIX D ACTUAL VERSUS BUDGET (ACQUISITION OF PPE, IP AND INTANGIBLE ASSETS) FOR THE YEAR ENDED 30 JUNE 2019

	2019  Actual R	2019 Approved Adjustment Budget R	2019  Variance R	2019  Variance %	Explanation of Significant Variances
Executive & Council	171,922	361,485	189,563	52.44%	Incomplete capital projects
Finance and Administration	10,797,088	19,668,494	8,871,406	45.10%	Incomplete capital projects
Internal Audit	-	3,000	3,000	100.00	
Community & Social Services	766,689	1,157,696	391,007	33.77%	Incomplete capital projects
Sport & Recreation	761,771	800,022	38,251	4.78%	Insignificant Variance
Public Safety	90,245	17,413	(72,832)	-418.26%	Virement done to final capital budget
Planning and Development	18,991,568	23,457,261	4,465,693	19.04%	Incomplete capital projects
Road Transport	1,115,692	10,161,584	9,045,892	89.02%	Incomplete capital projects
Energy Sources	38,281,830	50,092,272	11,810,442	23.58%	Incomplete capital projects
Water Management	4,084,999	34,211,988	30,126,989	88.06%	Incomplete capital projects
Waste Water Management	391,199	314,000	(77,199)	-24.59%	Virement done to final capital budget
Waste Management	3,097	34,500	31,403	91.02%	Incomplete capital projects
Other	-	50,000	(50,000)	100.00%	Incomplete capital projects
<b>GRAND TOTALS</b>	<b>75,456,100</b>	<b>140,329,715</b>	<b>64,773,615</b>	<b>46.2%</b>	

**APPENDIX E**  
**DAWID KRUIPER MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 July 2018	Correction of Error	Restated balance 1 July 2018	Contributions during the year	Written Off / Recognised as Revenue	Roll Over not Approved	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
	R	R	R	R	R		R	R	R	R	R
<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>											
FMG	-	-	-	4,115,000	-	-	(4,042,875)	(72,125)	-	-	-
MSIG	-	-	-	1,055,000	-	-	-	-	1,055,000	1,055,000	-
Housing	-	-	-	650,000	-	-	(650,000)	-	-	-	-
Libraries	-	-	-	2,930,000	-	-	(2,494,142)	(69,000)	366,858	366,858	-
MIG	6,907,150	-	6,907,150	19,702,000	-	(154,000)	(2,928,963)	(15,712,573)	7,813,615	7,813,615	-
Equitable Share	-	-	-	77,934,000	-	-	(77,934,000)	-	-	-	-
Lotto	358	-	358	-	(358)	-	-	-	-	-	-
INEP	8,101,918	-	8,101,918	14,000,000	-	-	(2,882,859)	(19,219,059)	-	-	-
EEDSMG	1,870,938	-	1,870,938	3,000,000	-	-	(497,768)	(3,318,455)	1,054,715	1,054,715	-
WSIG	3,789,248	-	3,789,248	10,000,000	-	-	(248,430)	(1,656,197)	11,884,621	11,884,621	-
DWA	4,344	-	4,344	-	(4,344)	-	-	-	-	-	-
COGHSTA	1,631,081	-	1,631,081	-	-	-	(1,631,081)	-	-	-	-
DEDAT	-	-	-	1,800,000	-	-	(5,988)	(39,920)	1,754,092	1,754,092	-
Department of Environmental Affairs	-	-	-	100,000	-	-	-	-	100,000	100,000	-
Dankocom	-	-	-	800,000	-	-	-	(800,000)	-	-	-
C-Pac	-	-	-	30,267	-	-	-	(30,267)	-	-	-
Homestay Projects	15,616	-	15,616	-	(15,616)	-	-	-	-	-	-
Bloodhound Project	3,639	-	3,639	-	(3,639)	-	-	-	-	-	-
Municipal Demarcation Transition Grant	4,568,028	(34,306)	4,533,722	-	-	(345,000)	(2,456,273)	(1,702,777)	29,672	29,672	-
Northern Cape Provincial Government	4,000,000	-	4,000,000	-	-	-	(324,934)	(2,166,225)	1,508,842	1,508,842	-
Directo Signs: Community Development	50,000	-	50,000	-	-	-	-	-	50,000	50,000	-
<b>Total</b>	<b>30,942,319</b>	<b>(34,306)</b>	<b>30,908,013</b>	<b>136,116,267</b>	<b>(23,956)</b>	<b>(499,000)</b>	<b>(96,097,312)</b>	<b>(44,786,597)</b>	<b>25,617,415</b>	<b>25,617,415</b>	<b>-</b>

**APPENDIX F**  
**DAWID KUIPER MUNICIPALITY**  
**STATEMENT OF REMUNERATION OF COUNCILLORS & SENIOR MANAGEMENT**

30 June 2019

Incumbent	Fees for Rates	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Leave Gratuity	Total Remuneration
	R		R	R	R	R	R	R
<b>Executive Mayor</b>								
L A Koloi (Resigned 17 May 2019)	1,374	3,185	642,310	-	35,882	113,553	-	791,745
<b>Executive Mayor / Speaker</b>								
M Segede (Resigned as Speaker on 5 June 2019)	-	-	630,277	-	37,400	-	-	667,677
M Segede (Appointed as Executive Mayor from 6 June 2019)	-	-	69,072	-	3,400	-	-	72,472
<b>Speaker</b>								
M Dodds (Appointed as Speaker on 13 June 2019)	-	-	38,379	-	2,683	-	-	41,062
<b>Executive Committee</b>								
E Mnyaka	-	-	304,811	-	40,800	50,232	-	395,843
E Lebisa	-	3,400	311,336	-	84,507	-	-	395,843
J Moya	-	-	304,811	-	40,800	50,232	-	395,843
M Eiman	-	3,516	304,811	-	40,800	50,232	-	395,843
M Andreas	-	-	355,043	-	40,800	-	-	395,843
S Masikani	-	3,843	355,043	-	40,800	-	-	395,843
<b>Section 79 Chairperson</b>								
M Maasdorp	62	2,525	303,526	-	40,800	45,529	-	389,855
<b>Other Councillors</b>								
J Assegaai	-	-	271,990.00	-	40,800.00	-	-	312,790.00
K de Wee	-	-	236,513.08	-	40,800.00	35,476.92	-	312,790.00
M Plaatjies	-	3,008	226,847.34	-	40,800.00	45,142.66	-	312,790.00
I I S S Selborne	3,508	9,568	271,990.00	-	40,800.00	-	-	312,790.00
P T van der Steen	7,031	36,217	271,990.00	-	40,800.00	-	-	312,790.00
P S J Isaacs (Resigned 17 May 2019)	4,344	23,813	186,370.92	-	35,881.64	52,831.25	-	275,083.81
B J Snyders	386	9,440	271,990.00	-	40,800.00	-	-	312,790.00
A C C Morkel	-	-	271,990.00	-	40,800.00	-	-	312,790.00
D J Coetzee (Resigned 17 May 2019)	-	-	239,202.17	-	35,881.64	-	-	275,083.81
F Olifant	-	4,176	242,198.55	-	40,800.00	29,791.45	-	312,790.00
M W Davids	-	-	271,990.00	-	40,800.00	-	-	312,790.00
M E Klaaste	-	-	236,513.08	-	40,800.00	35,476.92	-	312,790.00
B Kalote	-	-	236,513.08	-	40,800.00	35,476.92	-	312,790.00
L Stander	-	-	236,513.09	-	40,800.00	35,476.91	-	312,790.00
D Visagie	2,400	7,859	271,990.00	-	40,800.00	-	-	312,790.00
S Sandlana	-	-	236,513.08	-	40,800.00	35,476.92	-	312,790.00
S Rooi	-	2,653	236,513.08	-	40,800.00	35,476.92	-	312,790.00
S D Dubeni	-	-	271,990.00	-	40,800.00	-	-	312,790.00
B L B Bosman (Acting Speaker from 6 June till 12 June 2019)	-	4,047	227,065.76	-	40,800.00	52,894.36	-	320,760.12
J C Esau	-	-	236,513.08	-	40,800.00	35,476.92	-	312,790.00
J H Opperman	16,554	10,111	271,990.00	-	40,800.00	-	-	312,790.00
H Ross	-	-	236,513.08	-	40,800.00	35,476.92	-	312,790.00

A A van Zyl (Appointed 11 June 2019)	-	-	14,903.56	-	2,235.62	-	-	17,139.18
H J L Greyling (Appointed 06 June 2019)	-	-	18,629.45	-	2,794.52	-	-	21,423.97
<b>Total for Councillors</b>	<b>35,658</b>	<b>127,359</b>	<b>9,114,653</b>	<b>-</b>	<b>1,301,465</b>	<b>774,253</b>	<b>-</b>	<b>11,190,371</b>

30 June 2019

Incumbent	Fees for Rates	Fees for Services	Basic Salaries	Bonuses	Allowances	Contributions to Funds	Leave Gratuity	Total Remuneration
	R		R	R	R	R	R	R
<b>Municipal Manager</b> E Ntoba	26,523	50,714	1,255,687	184,625	241,200	18,705	-	1,700,217
<b>Chief Financial Officer</b> G M Schreiner	3,138	9,805	990,835	158,092	201,120	211,556	-	1,561,603
<b>Director: Development Services</b> G M Bovu	5,539	11,372	1,186,331	158,092	202,248	17,356	-	1,564,027
<b>Director: Corporate Services</b> C M Newman	10,769	12,419	974,009	158,092	199,200	230,995	-	1,562,296
<b>Acting Director: Development and Planning</b> <b>(1 October 2018 - 31 December 2018)</b> S Nxazonke	-	-	207,033	-	-	5,026	-	212,059
<b>Director: Electro-mechanical Services</b> A J Snyders	-	-	1,098,325	45,695	72,000	64,247	-	1,280,267
<b>Director: Civil engineering Services</b> <b>(1 July 2018 - 31 August 2018)</b> J E Kock	103	534	201,573	-	18,000	2,704	-	222,277
<b>Acting Director: Civil engineering Services</b> <b>(1 January 2019 - 31 March 2019)</b> M C Links	-	-	218,215	-	-	4,968	-	223,183
<b>Total for Senior Managers</b>	<b>46,073</b>	<b>84,844</b>	<b>6,132,007</b>	<b>704,596</b>	<b>933,768</b>	<b>555,558</b>	<b>-</b>	<b>8,325,929</b>

**DAWID KRUIPER MUNICIPALITY**  
**APPENDIX G**  
**RATIO ANALYSIS**

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	MUNICIPAL COMMENTS (#)
" R 000 "							
1. FINANCIAL POSITION							
A. Asset Management/Utilisation							
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		10%	Only capital projects funded by Grant allocations are being conducted
					Total Operating Expenditure	712,983,422	
					Taxation Expense	-	
					Total Capital Expenditure	75,456,100	
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		0%	The implementation of a stricter Asset Management Plan resulted in assets being impaired.
					PPE, Investment Property and Intangible Impairment	6,068	
					PPE at carrying value	1,684,245,951	
					IP at carrying value	749,428,116	
					Intangible Assets at carrying value	5,897,075	
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%		1%	This is due to the implementation of GRAP 17 with the higher DRC values
					Total Repairs and Maintenance Expenditure	15,897,680	
					PPE at carrying value	1,684,245,951	
					Investment Property at Carrying value	749,428,116	
B. Debtors Management							
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget , In-Year Reports, IDP and AR	95%		94%	
					Gross Debtors closing balance	154,548,296	
					Gross Debtors opening balance	134,499,848	
					Bad debts written Off	11,045,136	
					Billed Revenue	520,917,478	

2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		15%	
					Consumer Debtors Bad debts written off	11,045,136	
					Consumer Debtors Current bad debt Provision	71,493,254	

3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) x 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days		58 days	Credit Control and Debt Collection Policy is not fully implemented
					Gross debtors	154,548,296	
					Bad debts Provision	71,493,254	
					Billed Revenue	520,917,478	

#### C. Liquidity Management

1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		0 Month	Non-collection of outstanding debtors resulted in cash flow problems
					Cash and cash equivalents	50,309,985	
					Unspent Conditional Grants	25,617,415	
					Overdraft	20,509,457	
					Short Term Investments	-	
					Total Annual Operational Expenditure	712,983,422	

2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		0.67	Non-collection of outstanding debtors resulted in cash flow problems
					Current Assets	143,872,891	
					Current Liabilities	215,886,393	

#### D. Liability Management

1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost(Interest Paid and Redemption) / Total Operating Expenditure x 00	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%		5%	Decrease in total operating expenditure resulted in higher capital cost percentage.
					Interest Paid	12,300,753	
					Redemption	22,227,195	
					Total Operating Expenditure	712,983,422	
					Taxation Expense	-	

2	Debt (Total Borrowings) / Revenue	(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%		16%	
					Total Debt	105,266,207	
					Total Operating Revenue	690,557,581	
					Operational Conditional Grants	18,163,312	

#### E. Sustainability

1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%		#DIV/0!	All unspent grants were cash backed
					Cash and cash Equivalents	50,309,985	
					Bank Overdraft	20,509,457	
					Short Term Investment	-	
					Long Term Investment	-	
					Unspent Grants	25,617,415	
					Net Assets	2,070,243,788	
					Share Premium	-	
					Share Capital	-	
					Revaluation Reserve	-	
					Fair Value Adjustment Reserve	-	
					Accumulated Surplus	2,070,243,788	

#### 2. FINANCIAL PERFORMANCE

#### A. Efficiency

1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Asset	= or > 0%		-3%	Total Operating Revenue excludes Capital Expenditure Transferred to Revenue. Implementation of GRAP 17 with higher DRC values resulted in depreciation in access of R 80 million.
					Total Operating Revenue	690,557,581	
					Depreciation - Revalued Portion (Only populate if depreciation line item in the Statement of Financial Performance)	-	
					Total Operating Expenditure	712,983,422	
					Taxation Expense	-	



2	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%		23%	Electricity tariffs are approved by NERSA.
					Total Electricity Revenue	305,203,110	
					Total Electricity Expenditure	235,099,787	
3	Net Surplus /Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		-8%	Water tariffs does not included provision to cover DRC values of assets due to implementation of GRAP 17.
					Total Water Revenue	64,492,044	
					Total Water Expenditure	69,643,340	
4	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		-8%	Refuse tariffs does not included provision to cover DRC values of assets due to implementation of GRAP 17.
					Total Refuse Revenue	32,843,284	
					Total Refuse Expenditure	35,427,401	
5	Net Surplus /Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= or > 0%		-11%	Sanitation tariffs does not included provision to cover DRC values of assets due to implementation of GRAP 17.
					Total Sanitation and Water Waste Revenue	36,748,955	
					Total Sanitation and Water Waste Expenditure	40,971,285	

B. Distribution Losses							
1	Electricity Distribution Losses (Percentage)	(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) x 100	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%		10%	
					Number of units purchased and/or generated	203,515,130	
					Number of units sold	182,995,270	
2	Water Distribution Losses (Percentage)	(Number of Kilolitres Water Purchased or Purified - Number of Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100	Annual Report, Audit Report and Notes to Annual Financial Statements	15% - 30%		48%	A project War against leaks were implemented to address these losses. A water masterplan is in the process of being compiled.
					Number of kilolitres purchased and/or purified	17,407,476	
					Number of kilolitres sold	9,046,294	
C. Revenue Management							
1	Growth in Number of Active Consumer Accounts	(Period under review's number of Active Debtor Accounts - previous period's number of Active Debtor Accounts)/ previous number of Active Debtor Accounts x 100	Debtors System	None		#DIV/0!	N/A newly established entity
					Number of Active Debtors Accounts (Previous)	-	
					Number of Active Debtors Accounts (Current)	-	
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue ) x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI		7%	N/A newly established entity
					CPI	0%	
					Total Revenue (Previous)	648,330,224	
					Total Revenue (Current)	690,557,581	
3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants- previous period's Total Revenue excluding capital grants)/ previous period's Total Revenue excluding capital grants ) x 100	Statement of Financial Performance, Notes to AFS , Budget, IDP, In-Year reports and AR	= CPI		5%	N/A newly established entity
					CPI	0%	
					Total Revenue Exl.Capital (Previous)	614,138,070	
					Total Revenue Exl.Capital (Current)	645,770,983	

#### D. Expenditure Management

1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		59 days	Unspent grants previously not cash backed resulted in own funds being utilised to fund these projects as well as the non-collection of debtors resulted in cash flow problems
					Trade Creditors	51,879,190	
					Contracted Services	18,777,728	
					Repairs and Maintenance	-	
					General expenses	34,884,908	
					Bulk Purchases	191,532,172	
					Capital Credit Purchases ( <i>Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment</i> )	75,456,100	

2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		7%	
					Irregular, Fruitless and Wasteful and Unauthorised Expenditure	51,062,943	
					Total Operating Expenditure	712,983,422	
					Taxation Expense	-	

3	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) /Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%		46%	
					Employee/personnel related cost	315,881,506	
					Councillors Remuneration	11,190,372	
					Total Operating Expenditure	712,983,422	
					Taxation Expense	-	

4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%		3%	
					Contracted Services	18,777,728	
					Total Operating Expenditure	712,983,422	
					Taxation Expense	-	

#### E. Grant Dependency

1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and	None		209%	
					Internally generated funds	157,965,898	
					Borrowings	-	
					Total Capital Expenditure	75,456,100	

2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements	None		209%	
					Internally generated funds	157,965,898	
					Total Capital Expenditure	75,456,100	

3	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations)/ Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None		90%	
					Total Revenue	549,673,671	
					Government grant and subsidies	96,097,312	
					Public contributions and Donations	-	
					Capital Grants	44,786,597	

### 3. BUDGET IMPLEMENTATION

1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%		54%	Inflated capital budget due to roll-overs
					Actual Capital Expenditure	75,456,100	
					Budget Capital Expenditure	140,329,715	

2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		97%	Stricter budget controls resulted in less portion of budget being spent
					Actual Operating Expenditure	725,452,164	
					Budget Operating Expenditure	749,546,616	

3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		114%	Total Operating Revenue excludes Capital Expenditure Transferred to Revenue
					Actual Operating Revenue	781,925,759	
					Budget Operating Revenue	683,657,655	

4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		97%	
					Actual Service Charges and Property Rates Revenue	509,550,674	
					Budget Service Charges and Property Rates Revenue	525,638,567	

Interpretation of results

	The green colour indicates that the result is within the norm and is acceptable
	The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.
	Data should be captured in the blue colour cell to calculate a ratio.
#	In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced